

NOTICE OF MEETING

The Audit Committee Meeting of the Incline Village General Improvement District will be held starting at **4:00 p.m.** on **December 5, 2022** via Livestream/Zoom only.

Public comment is allowed and the public is welcome to make their public comment either via e-mail (please send your comments to info@ivgid.org by 12 noon a.m. on December 5, 2022) or via telephone (the telephone number will be posted to our website on the day of the meeting). The meeting will be available for viewing at <https://livestream.com/accounts/3411104>. (Remote only meeting permitted by AB 253 as Audit Committee contains non-elected members.)

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*
Vito Brandle (At-Large Member), Mick Homan (At-Large Member), Raymond Tulloch (At-Large Member), Kendra Wong (Trustee), and Michaela Tonking (Chairwoman)

B. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration. The Audit Committee may address matters brought up during public comment at the conclusion of the comment period but may not deliberate on any non-agendized item.

C. APPROVAL OF AGENDA (*for possible action*)

The Audit Committee may make a motion for a flexible agenda which is defined as taking items on the agenda out of order; combining agenda items with other agenda items; removing items from the agenda; moving agenda items to an agenda of another meeting, or voting on items in a block.

-OR-

The Audit Committee may make a motion to accept and follow the agenda as submitted/posted.

D. GENERAL BUSINESS ITEMS (*for possible action*)

1. Receive and discuss draft Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022, to include Auditor's Report(s) prepared by Davis Farr, LLP (Requesting Staff Member: Director of Finance Navazio; presenting with Jennifer Farr, Partner, Davis Farr, LLP) – **Pages 3 - 113**
2. Receive and discuss report from Davis Farr, LLP related to supplemental engagement to review compliance with Purchasing and Contract policies and procedures (Requested by: Jennifer Farr, Partner, Davis Farr, LLP) – **Pages 114 - 129**
3. Receive and discuss a verbal report from Davis Farr, LLP related to status of supplemental engagement to review compliance with District's Capitalization Policy; (Requested by Jennifer Farr, Partner, Davis Farr, LLP)
4. Discuss and provide input to inform 2023 Audit Committee meeting schedule, work plan priorities and long-range calendar (Requesting Trustee: Audit Committee Chair Michaela Tonking) – **Page 130**

E. MEETING MINUTES (for possible action)

1. Meeting Minutes of September 28, 2022 – **Pages 131 - 140**

F. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.

Incline Village General Improvement District

Incline Village General Improvement District is a fiscally responsible community partner which provides superior utility services and community oriented recreation programs and facilities with passion for the quality of life and our environment while investing in the Tahoe basin.

893 Southwood Boulevard, Incline Village, Nevada 89451 • (775) 832-1100 • FAX (775) 832-1122

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NOTICE OF MEETING

Agenda for the Audit Committee Meeting of December 5, 2022 - Page 2

G. ADJOURNMENT (*for possible action*)

CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Wednesday, November 30, 2022 at 9:00 a.m., a copy of this agenda (Audit Committee Session of December 5, 2022) was delivered to the post office addressed to the people who have requested to receive copies of IVGID's agendas; copies were either faxed or e-mailed to those people who have requested; and a copy was posted at the following three locations within Incline Village/Crystal Bay in accordance with NRS 241.020:

1. IVGID Anne Vorderbruggen Building (893 Southwood Boulevard, Incline Village, Nevada; Administrative Offices)
2. IVGID's website (www.yourtahoepplace.com/Board of Trustees/Meetings and Agendas)
3. State of Nevada public noticing website (<https://notice.nv.gov/>)

/s/ Melissa Robertson

Melissa Robertson

District Clerk (e-mail: @ivgid.org/phone # 775-832-1268)

Audit Committee Members: Vito Brandle (*At-Large Member*), Mick Homan (*At-Large Member*), Raymond Tulloch (*At-Large Member*), Michaela Tonking (*Chairwoman*), Kendra Wong (*Trustee*),

Notes: Items on the agenda may be taken out of order; combined with other items; removed from the agenda; moved to the agenda of another meeting; moved to or from the Consent Calendar section; or may be voted on in a block. Items with a specific time designation will not be heard prior to the stated time, but may be heard later. Those items followed by an asterisk (*) are items on the agenda upon which the Board of Trustees will take no action. Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to call IVGID at 832-1100 at least 24 hours prior to the meeting. **IVGID'S agenda packets are available at IVGID's website, www.yourtahoepplace.com; go to "Board Meetings and Agendas".**

MEMORANDUM

TO: Audit Committee

FROM: Paul Navazio
Director of Finance

Martin Williams
Controller

SUBJECT: Report on the District's Draft Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended June 30, 2022 and Related Audit Report(s) (Presenters: Director of Finance Paul Navazio and Jennifer Farr, Partner, Davis Farr, LLP).

DATE: December 5, 2022

I. BACKGROUND

This agenda item serves to transmit to the Audit Committee the District's draft ACFR (Attachment 4) for the Fiscal Year ended June 30, 2022, as well as the required Audit Communications provided by the District's Independent Auditor, Davis Farr, LLP.

Board Policy 15.1.0, Section 2.3, outlines the role of the Audit Committee in facilitating the annual independent financial audit (see Attachment 1).

Reference link to Policy 15.1.0:

https://www.yourtahoepace.com/uploads/pdf-ivgid/15_1_0_Audit_Committee_Charter_Eff_06-29-2022.pdf

Consistent with the audit work plan, at their meeting of September 29, the Audit Committee received an update from the District's independent auditor (Jennifer Farr, Partner, Davis Farr, LLP) on the status of the District's annual financial audit. Copies of the initial draft of the District's financial statements were subsequently also provided to the Audit Committee, concurrent with transmittal of same to the auditor.

The draft ACFR being transmitted via this agenda item reflects several revisions recommended by the auditor over the course of their review.

This agenda item also serves to transmit the following reports provided by the District's independent auditor, Davis Farr, LLP:

- Audit Opinion – Independent Auditor's Report (*Attachment 2 and ACFR Financial Section*)
- Audit Communications (*Attachment 3*)
 - Required Audit Communications
 - Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

In addition, this agenda item provides the Audit Committee with a review copy of the Management Representation Letter (Attachment 5) that will be provided to the independent auditor prior to issuance of final ACFR and Audit Reports, pursuant to Section 2.3.6 of Board Policy 15.1.0.

II. DISCUSSION

This agenda item presents the District's Draft ACFR for the Fiscal Year ended June 30, 2022, to include the results of the audit conducted by the District's independent auditor, Davis Farr, LLP, and required Audit Communications.

AUDIT RESULTS

- The District's Independent Auditor has issued an unmodified opinion that the District's financial statements present fairly, in all material respects, the financial position of the District, its governmental activities, business-type activities, and all major funds, as of June 30, 2022.
- In their *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters*, the District's Independent Auditor did not note any "material weaknesses"; however the auditor has highlighted three areas that have been determined to be reported as "significant deficiencies". These are summarized as follows:

2022-001 – Journal Entries Detected During the Audit –

This stems from three journal entries that were processed as a result of the audit work performed, and are reflected in the draft financial statements.

These include:

- a) An entry to remove legal settlement liabilities in the General Fund to reflect this liability in the government-wide financial statement rather than in the fund-type statement (\$596,253).
- b) An entry to remove compensated absences from the General Fund because the long-term liabilities are to be recorded in the government-

- wide financial statements rather than the fund-type statement (\$145,840).
- c) An entry to increase the Due from Other Governments in the General Fund (\$84,340).

2022-002 – Physical Inventory Observation

This stems from the fact that the District did not perform a fiscal year-end physical inventory of assets in the Championship Course Pro Shop. The auditor notes that while the inventory balance is not considered material, they nonetheless highlight the need to perform year-end inventory counts.

2022-003 – Timely Preparation of Bank Reconciliations

The auditors note that the District did not complete the year-end bank reconciliation until mid-October, and recommends that bank reconciliations be completed within 30 days of each month-end.

The *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters* includes Management Responses, as required, to findings and recommendations identified by the independent auditor. Staff is prepared to discuss these with the Audit Committee.

CHANGE IN ACCOUNTING PRACTICES

The District's financial statements for the fiscal year ended June 30, 2022 reflect two changes in accounting practices from the prior year:

- 1) *Transition from Governmental Fund to Proprietary Fund accounting for the District's Community Service Fund and Beach Fund.* This change was implemented, per Board of Trustees direction, as of July 1, 2021. As a result, prior period adjustments are required to re-state beginning fund balance/net position for each of these major funds.
- 2) *Implementation of GASB 87 – Leases.* Implementation of GASB Statement 87, effective with the fiscal year ended June 30, 2022, requires the recognition of certain leased assets and liabilities for leases that were previously classified as operating leases. This required change in accounting practice impacts the treatment of the District's golf cart lease (as lessee) and cell tower leases (as lessor).

FINANCIAL HIGHLIGHTS

Financial highlights based on Government-wide Financial Statements, for the year ended June 30, 2022:

- The District's net position as of June 30, 2022 was \$164.49 million and reflects an increase in net position of \$4.42 million over the prior year. Of this amount, a total of \$45.44 million (unrestricted net position) is available to meet the District's future obligations, including future planned capital projects.
- The net position of the District's governmental activities increased by \$0.43 million (to \$8.27 million) and the net position of the District's business-type activities increased by \$3.99 million (to \$156.22 million).

**Incline Village General Improvement District
Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for services	\$ 2	\$ 17,060,831	\$ 32,480,390	\$ 12,831,060	\$ 32,480,392	\$ 29,891,891
Operating Grants	2,000	18,440	39,138	39,857	41,138	58,297
Capital Grants and contributions	-	88,505	47,927	-	47,927	88,505
General Revenues:						
Ad valorem taxes	1,893,214	1,812,958	-	-	1,893,214	1,812,958
Consolidated taxes	2,049,551	1,888,448	-	-	2,049,551	1,888,448
Facility Fees	-	6,537,641	6,090,681	-	6,090,681	6,537,641
Unencumbered Investment income	(17,188)	73,594	(93,733)	33,681	(110,921)	107,275
Other	1,402	127,897	435,446	-	436,848	127,897
Total Revenues	3,928,981	27,608,314	38,999,849	12,904,598	42,928,630	40,512,912
Expenses						
General Government	3,497,944	2,887,892	-	-	3,497,944	2,887,892
Utilities	-	-	12,399,729	11,449,802	12,399,729	11,449,802
Community Services	-	18,996,222	20,779,505	-	20,779,505	18,996,222
Beach	-	2,186,645	1,784,943	-	1,784,943	2,186,645
Total Expenses	3,497,944	24,070,759	34,964,177	11,449,802	38,462,121	35,520,561
Excess Revenue (Expenses)	431,037	3,537,555	4,035,672	1,454,796	4,466,709	4,992,351
Changes in Net Position	431,037	3,537,555	4,035,672	1,454,796	4,466,709	4,992,351
Beginning Net Position, as reported	82,946,057	79,265,885	76,985,593	78,697,763	159,931,650	157,963,648
Prior Period Adjustment	(75,105,674)	142,617	75,199,871	(3,166,966)	94,197	(3,024,349)
Beginning Net Position, as adjusted	7,840,383	79,408,502	152,185,464	75,530,797	160,025,847	154,939,299
Ending Net Position	8,271,420	82,946,057	156,221,136	76,985,593	164,492,556	159,931,650

- The District's General Fund unassigned fund balance increased to \$5.25 million. This compares favorably to the District's fund balance policy of 15% of annual expenditures (or \$0.52 million).

Reference link to Policy 7.1.0:

https://www.yourtahoeplace.com/uploads/pdf-ivgid/7_1_0_Appropriate_Level_of_Reserves_Eff_FYE_06-30-2022.pdf

- The District's Utility Fund ended the fiscal year with a net position of \$77.57 million, which represents an increase of \$0.58 million from the prior year. The Community Services Fund ended the year with a net position of \$64.67

million, reflecting a decrease of \$0.80 million from the prior year; the Beach Fund ended the year with a net position of \$13.93 million, reflecting an increase of \$4.21 million from the prior year.

- As of June 30, 2022 the District had total bond debt outstanding of \$3.38 million including Utility Revenue Bonds outstanding of \$2.99 million and Recreation Bonds outstanding totaling \$0.39 million. The District retired \$0.93 million in bond principal during the fiscal year.

*SUMMARY OF REVISIONS FROM DRAFT FINANCIAL STATEMENTS
(as transmitted to Audit Committee members on November 16, 2022)*

The Audit Committee received the District's draft ACFR on November 16, 2022. Based on subsequent review of selected items by Management and the auditor, several revisions have been incorporated into the District's draft ACFR, and are summarized as follows:

- *Prior Period Adjustment Addressing Timing of Recognizing Consolidated Taxes (CTX) and Local Government Tax Act (LGTA) Revenues.* The Auditors have recommended a prior period adjustment of \$94,197 to reflect the timing of monthly General Fund revenue allocations received by the District from Washoe County. A portion of the revenues received in July of each year are being shown as prior year's revenues, and thus credited to the prior fiscal year. This is the only adjustment that impacts the overall District-wide Statement of Net Position and Statement of Activities for the fiscal year ended June 30, 2022.

Additional revisions reflected in the presentation of the current draft ACFR are the result of re-classification of selected accounts within the financial statements.

- *Internal Service Fund Activities* have been moved from Business-Type Activities to Governmental Activities in both the Statement of Net Position and Statement of Activities. This change does not impact total net position.
- *Due-To/Due-From Other Funds* have been "netted" in the Statement of Net Position, resulting in off-setting changes to total assets and total liabilities. This change does not impact total net position.
- *Accrued Personnel Costs* have been adjusted to separately reflect portion of this liability that is estimated to be due within one year versus portion that is estimated to be due beyond one year.

- *Lease Liabilities* – The amount shown as a liability in the Statement of Net Position has been updated to distinguish between leases due within one year and lease due beyond one year.
- *Lease Revenues* – The amount shown as lease revenue has been re-classed from general revenues to Charges for Services (Community Services) in the Statement of Activities.

NEXT STEPS

Following the presentation of the District's draft ACFR for the fiscal year ended June 30, 2022 to the Audit Committee, the reports will be finalized for presentation to the Board of Trustees at their meeting of December 14, 2022. Per Nevada Revised Statutes (NRS) requirements, the District is required to file the financial statements and audit report with the State Department of Taxation by December 31, 2022.

Pursuant to Policy 15.1.0, the Audit Committee is charged with submitting a report to the Board of Trustees in conjunction with the presentation of the ACFR.

Attachments:

1. Board Policy 15.1.0 – Excerpt: *Section 2.3. – Facilitate Independent Audit*
2. Audit Opinion (Davis Farr, LLP)
3. Audit Communications (Davis Farr, LLP)
 - a. Required Audit Communications
 - b. Report on Internal Control over Financial Reporting and Compliance and Other Matters
4. Draft ACFR for the Fiscal Year ended June 30, 2022
5. Management Representation Letter

Policy 15.1.0 – Audit Committee**EXCERPT****2.3 Facilitate the independent audit process.**

2.3.1 Review and approve, in consultation with the independent auditor, the annual audit plan, the scope of audit activities and schedules by June of each year

2.3.2 Provide an independent forum for auditors to report findings or difficulties encountered during the audit

2.3.3 Review with the District management and the independent auditor all major issues identified by the independent auditor regarding:

2.3.3.1 Accounting Principles.

2.3.3.2 ACFR presentation.

2.3.3.3 Any significant changes in the selection or application of accounting principles.

2.3.3.4 Significant judgments made in the preparation of the ACFR and basic financial statements.

2.3.3.5 The effect of regulatory initiatives.

2.3.3.6 Off-balance sheet structures.

2.3.3.7 Changes to audit plan of independent auditor as a result of any additional issues identified by the auditor.

2.3.3.8 Any restrictions on the scope of the auditor's activities or on access to requested information or managements responses.

2.3.4 To review with District management and the independent auditor any material conflicts or disagreements between District management and the independent auditor, whether or not resolved, regarding financial reporting, accounting practices or policies or other matters, that, individually or in the aggregate, could be significant to the District's financial statements or the independent auditors' report, and attempt to help resolve any conflicts or disagreements regarding financial reporting.

2.3.5 According to the approved work plan, conduct periodic meetings with the external auditor to review progress, issues identified, concerns and the audit timeline.

2.3.6 Review the Management Representation letter by the District's management prior to submittal of the letter to the independent auditor.

2.3.7 The Committee shall submit a written report to the District's Board of Trustees in conjunction with the presentation of the ACFR to the Board of Trustees by the end of December.

Independent Auditor's Report

Board of Trustees
Incline Village General Improvement District
Incline Village, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Incline Village General Improvement District (District), as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described further in Note 1 to the financial statements, during the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87. The financial statements for the year ended June 30, 2022 reflect certain prior period adjustments as described further in Notes 4 and 9 to the financial statements. Our opinion is not modified with respect to these matters.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, schedule of employer required contributions to defined contribution multi-employer plans* and *budgetary comparison information* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The *budgetary comparison schedules* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *budgetary comparison schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *budgetary comparison schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Irvine, California
December 5, 2022

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Audit Communications

Year ended June 30, 2022

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Audit Communications

Year ended June 30, 2022

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Board of Trustees
Incline Village General Improvement District
Incline Village, Nevada

We have audited the financial statements of the Incline Village General Improvement District (IVGID) as of and for the year ended June 30, 2022 and have issued our report thereon dated December 5, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 5, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of IVGID solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our letter regarding significant control deficiencies over financial reporting and other matters noted during our audit in a separate letter to you dated December 5, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you in our letter dated September 12, 2022.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and our firm have complied with all relevant ethical requirements regarding independence.

We identified independence threats related to proposing journal entries. We have applied certain safeguards to reduce the threats to an acceptable level, including using an independent party within the firm to perform a quality control review of the journal entries.

Significant Risks Identified

The auditing standards require us to identify audit risk areas when performing the audit. As a result, we have identified the following significant risks: implementation of the new lease accounting standard, proper recognition of capital assets, and the transition to enterprise fund accounting for Community Services and Beach Funds.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by IVGID is included in Note 1 to the financial statements. During the year, the entity changed its method for accounting for leases by adopting Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are capitalization of capital costs, useful lives and depreciation methodology for capital assets, and accruals for goods or services received.

We evaluated the key factors and assumptions used by management to develop these estimates and determined if they were reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Identified or Suspected Fraud

We have not identified or obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The below summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- A likely adjustment to inventory balances reported in the Community Services Enterprise Fund if a physical inventory count had been performed at year end
- An entry to allocate interest receivable across all funds
- An entry to record an immaterial net pension liability for the District defined pension benefit plan

Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- An entry to remove certain long-term liabilities from the General Fund that should only be included in Government-wide financial statements
- An entry to increase due from other governments in the General Fund

Disagreements with Management

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management in a letter dated December 5, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Information Included in Annual Comprehensive Financial Report

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in IVGID's Annual Comprehensive Financial Report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information and considered whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with IVGID, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as IVGID's auditors.

This report is intended solely for the information and use of the Board of Trustees and management of IVGID and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
December 5, 2022

December 5, 2022

Board of Trustees
Incline Village General Improvement District
Incline Village, Nevada

To Management and the Board of Trustees of Incline Village General Improvement District:

In planning and performing our audit of the basic financial statements of the Incline Village General Improvement District (IVGID) as of and for the year ended June 30, 2022 in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, we considered IVGID's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of IVGID's internal control over financial reporting.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Incline Village General Improvement District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2022.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in IVGID's internal control to be significant deficiencies:

2022-001 Journal Entries Detected During the Audit

An important element of control over financial reporting is for management to identify adjustments necessary for financial statements to be fairly stated. Whenever possible, adjustments should be reflected in the accounting records prior to the start of the audit.

When this is not possible, management should identify and communicate to the auditors the potential areas of adjustment that may need to be addressed during the audit process. Auditing standards require the reporting of material adjustments identified through the audit process as weaknesses in an entity's internal control structure.

The following material adjustments detected as a result of the audit procedures:

- (a) An entry to remove legal settlement liabilities in the General Fund in the amount of \$596,253 because long-term liabilities are not recorded in this fund type but instead included in the government-wide financial statements.
- (b) An entry to remove compensated absences from the General Fund in the amount of \$145,840 because long-term liabilities are not recorded in this fund type but instead included in the government-wide financial statements.
- (c) An entry to increase due from other governments in the General Fund in the amount of \$84,340.

In addition, we recorded an immaterial entry to record year end accruals of for unbilled receivables in the Utility Fund in the amount of \$475,546.

Recommendation

We recommend that IVGID enhance its year-end closing procedures to include areas that resulted in audit adjustments.

Management's Response Regarding Corrective Action Taken or Planned

Management agrees with the need to improve the year's end process to include the areas that resulted in audit adjustments. Management notes that these items were not flagged as issues in prior audits, and thus were recorded consistently with past practice. Management will be updating its year-end close process to address these items going forward.

2022-002 Physical Inventory Observation

The District historically performs a physical inventory observation at year end. For the fiscal year ended June 30, 2022, the District staff did not perform a physical observation and count of inventory assets held at the Pro Shop and recorded in the Community Services Enterprise Fund. Although the inventory balance is not material to the financial statements, performance of a physical observation and count of inventory assets at year end is necessary to ensure the accuracy of inventory balances reported in the financial statements.

Recommendations

We recommend that the District perform annual physical observation and counts of inventory on all assets held as inventory.

Management's Response Regarding Corrective Action Taken or Planned

Management agrees that annual inventory counts are necessary to ensure accuracy of inventory numbers. The Pro Shop was the only area where physical inventory not performed this year. This was due to lack of staff at both the Pro Shop and the Accounting Division. We would highlight the auditor's reference to the balance of inventory assets in the Pro Shop as not material to the financial statements, which is why this task was not prioritized given our vacancies in key staff positions.

2022-003 Timely Preparation of Bank Reconciliations

During our audit we noted that the District had not completed a bank reconciliation on its main operating account until October 12, 2022. Timely preparation of bank reconciliations allows for the prompt detection of errors in the accounting records and safeguarding of IVGID assets from misappropriation.

Recommendations

We recommend that bank reconciliations should be performed on all bank accounts no later than 30 days following each month end.

Management's Response Regarding Corrective Action Taken or Planned

Management agrees with the need to do timely bank account reconciliations. This year's reconciliation was began timely, but the accountant responsible for the bank reconciliation left the Accounting Division requiring this task to be re-assigned. Management would note that while we concur with this recommendation, once the reconciliation was completed, no discrepancies were noted.

The District's written response to the issued identified our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Irvine, California
December 5, 2022

Attachment 4



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022

PREPARED BY: DEPARTMENT OF FINANCE & ACCOUNTING



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COMPLIANCE SECTION



INTRODUCTORY SECTION

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December 14, 2022

**Board of Trustees for the Incline Village General Improvement District and
Citizens of Incline Village and Crystal Bay, Nevada**

The Incline Village General Improvement District (the District) hereby submits the Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022. State law (Nevada Revised Statutes 354.624) requires that local governments provide an annual audit by independent certified public accountants in conformance with generally accepted auditing standards.

This ACFR consists of management's representation of the finances of the District and, as such, management assumes full responsibility for the completeness and reliability of the information contained in this ACFR, consistent with a framework of internal controls established for this purpose. To the best of our knowledge the enclosed information is reported, in all material respects, in a manner intended to fairly represent the financial position as well as changes in financial position of the District.

The District's financial statements have been audited by Davis Farr LLP, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the District's financial statements for the fiscal year ended June 30, 2022 are free of material misstatements. The independent audit consisted of examination, on a test basis, of evidence supporting the amounts and disclosures reported, assessing the accounting principles applied by management, and evaluating the overall financial statement presentation.

The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the Incline Village General Improvement District's financial statements for the year ended June 30, 2022 are fairly presented in conformity with generally-accepted accounting principles (GAAP). The Independent Auditor's Report is presented as the first component of the financial section of this ACFR, while the Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with Government Auditing Standards are included in the Compliance Section of the document (pages ###-##).

Management's Discussion and Analysis (MD&A), as required supplementary information, follows the Independent Auditor's Report and provides a narrative summary and analysis to assist the reader in interpreting the financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with that overview.

Profile of the District

The District was formed in 1961 in accordance with the State of Nevada's Revised Statutes, Chapter 318, pertaining to General Improvement District Law as a "body corporate and politic and a quasi-municipal corporation" in the State of Nevada. The District is located on the northeast corner of Lake Tahoe, in the Sierra Nevada Mountains, and occupies a land area of approximately 15.36 square miles and serves a base population of approximately 9,400 residents.

The District is governed by a five-member Board of Trustees elected by residents of Incline Village and Crystal Bay to serve staggered four-year terms. In accordance with the enabling legislation, the District provides water, waste water, and solid waste services within its boundaries, as well as various recreational amenities including downhill skiing/riding, two golf courses, a multi-use recreation center, tennis facilities, meeting facilities, parks, beaches, playgrounds and other recreation-related programming. The District serves approximately 4,200 water/sewer customers, accommodates over 95,000 skiers visits, 35,000 rounds of golf, and 215,000 beach visits, and oversees a variety of other activities including over 120,000 visits to the Recreation Center annually.

The District adheres to the Local Government Budget Act incorporated within Nevada Revised Statutes, which includes prescribed procedures to establish the budgetary data reflected in these financial statements. Budgets are adopted on a basis consistent with GAAP for all funds. Budgets are adopted for all governmental and proprietary fund types. The District may amend or augment the budget after following procedures prescribed in State statutes.

Local Economic Condition and Outlook

Located on the northeast shore of Lake Tahoe, Nevada, near the California border in Washoe County, the District's economy is largely dependent on tourism, centered on summer and winter recreational activities. Due to its location, the region's economy is closely tied to the California/San Francisco Bay Area economy. The Reno-Sparks Convention & Visitors Authority report from June 2022 indicates a regional room

occupancy rate of 70.2%, representing a decrease of 3.7% from the prior year, and a decrease of 1.0% from 2019 (pre-pandemic) levels.

Development within the District is challenged by the availability of parcels for development; however there are a number of significant projects at various stages of development within the Incline Village / Crystal Bay communities. These include the continued build-out of the EKN (formerly Boulder Bay) project in Crystal Bay, and the development of a 40-unit condominium project on Tahoe Boulevard.

The 2020 census population of 9,462 reflects a 4% decrease since 2010. The median housing value at June 30, 2022 for single family residence and condo sales for Incline Village and Crystal Bay were \$2,587,500 and \$1,077,500, respectfully, representing a 27.8% increase on residence and a 35.2% increase on condos over last year. For the entire Washoe County the values were \$607,000 and \$390,070 respectively. Values in Incline Village and Crystal Bay tend to be higher than Washoe County average and can fluctuate due to both seasonality as well as variability in the “second home” market.

The Reno-Sparks June 2022 unemployment rate of 3.30% is well under the State rate at 4.7%, and is below the national level at 3.6%. These unemployment rates reflect a decrease over unemployment rates reported in 2022 largely due to the recovery from the economic impacts of the COVID-19 pandemic.

Lake Tahoe is known as one of the most beautiful regions in the world and as the largest alpine lake in North America, it offers an alpine environment untouchable anywhere else. The pristine beauty of Lake Tahoe draws over three and one-half million visitors annually from around the world. From snow skiing to golfing to boating to gaming, Lake Tahoe is one of the premier resort destinations, offering visitors countless activities. Additionally, Incline Village/Crystal Bay offers a spectacular and serene mountain neighborhood for property owners.

The 2004 Legislature passed Assembly Bill 489 to provide property tax relief which provides a partial abatement of taxes by applying a 3% cap on the tax bill of the owner’s primary residence and a higher cap on the tax bill of other properties beginning with the 2005/2006 tax roll in Washoe County. For the fiscal year 2022 the abatement was \$19,732 based on State of Nevada Department of Taxation formulas.

Beginning in 2010, the District has had a portion of its property tax settlements offset to settle a court ordered tax refund by Washoe County. The District was able to meet this General Fund obligation and maintain service levels while the refund was completed. A settlement agreement was reached between Washoe County and the Incline Village/Crystal Bay taxpayers in the previous fiscal year for the alleged overpayment of taxes and accrued interest. As part of the settlement, the County was responsible for refunding an estimated \$1,359,757. As of June 30, 2022 the remaining balance of \$763,479 in reimbursements are reflected as restricted within the District’s General Fund.

Financial Initiatives

The Board of Trustees establishes policy and direction, within the framework of the District Strategic Plan and its Long Range Principles. The updated Strategic Plan, covering 2021-2023, was adopted September 30, 2021. Areas of emphasis within the Strategic Plan include: continued focus on delivery of exceptional services to residents, review and update of Board Policies, strengthening internal controls, improved contract management, and enhancing transparency and accountability.

Review of District’s Fund Accounting Beginning with fiscal year 2016, the District transitioned from Proprietary, Enterprise fund accounting to Governmental, Special Revenue fund accounting for its Community Services and Beach activities. In approving the District’s 2021 budget, the Board of Trustees took action to direct the District to transition back to Proprietary, Enterprise fund accounting beginning in fiscal year 2022. As a result, the District’s financial statements for the fiscal year ended June 30, 2022 are presented reflecting this transition back to proprietary fund accounting. This change is expected to better support the District’s objective of establishing pricing policies aimed at recovering the full cost of operating District recreational venues, including the costs of capital assets and debt.

Utility Rates to Support Infrastructure The District has identified approximately 6 miles of effluent pipeline for replacement over a series of years. This project is expected to cost in the range of \$45 - \$65 million. Currently, the District is collecting \$2.0 million per year from utility rate charges for this project. The District is currently pursuing a low-interest State Revolving Fund loan (to be secured by a Utility Revenue Bond) to support this project. In April 2022, the Board approved an updated Utility Rate Study which establishes the level of utility rate increases over the next five years required to support the District’s utility divisions, including operating, capital and debt. While no rate increases were implemented in 2021, in May of 2022, the Board approved utility rate increases averaging 16.0% and 13.5% for water and wastewater, respectively.

Policy Direction related to District’s Recreation and Beach Facility Fees For fiscal year 2022, the District Board set the combined fee charged to the majority of parcel owners within the District at \$780 per dwelling unit equivalent (DUE). This represents a reduction from the \$830 per DUE that had been charged over the preceding 11 years. The fees collected are allocated by the Board to support operations, capital

expenditures and debt service, and continue to be set on the basis of needs identified in the District's Community Services and Beach Master Plans as well as the five-year capital improvement plan adopted each year.

Awards

As of the preparation of this report, the Government Finance Officers Association of the United States and Canada (GFOA) has not yet completed its review of the District's application for consideration of award under the Certificate of Achievement for Excellence in Financial Reporting, for the District's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The District expects to be granted this award for the prior annual report, which would be the twenty-first year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Financial Comprehensive Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

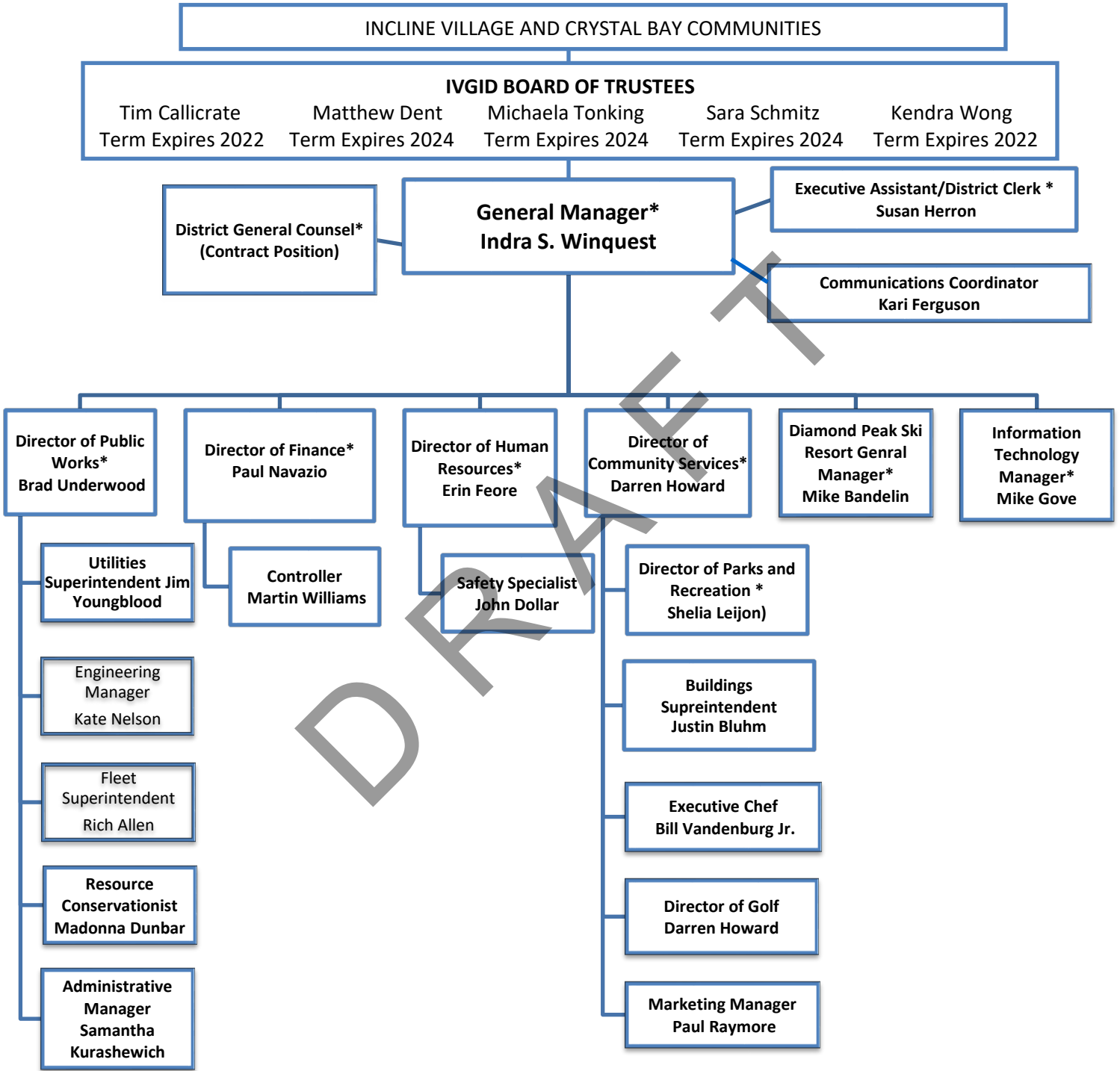
Acknowledgments

The preparation of this ACFR would not have been possible without the efforts of the entire accounting staff, as well as the District's management team. Credit also must be given to the Board of Trustees, the Audit Committee, and the active engagement of community members for their contributions to this effort.

Indra S. Winquest
General Manager
Incline Village General Improvement District

Paul Navazio
Director of Finance
Incline Village General Improvement District

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* Members of the Senior Team



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Incline Village General Improvement District
Nevada**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

FINANCIAL SECTION

DRAFT

Independent Auditor's Report

Board of Trustees
Incline Village General Improvement District
Incline Village, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Incline Village General Improvement District (District), as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described further in Note 1 to the financial statements, during the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87. The financial statements for the year ended June 30, 2022 reflect certain prior period adjustments as described further in Notes 4 and 9 to the financial statements. Our opinion is not modified with respect to these matters.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, schedule of employer required contributions to defined contribution multi-employer plans and budgetary comparison information* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The *budgetary comparison schedules* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *budgetary comparison schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *budgetary comparison schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Irvine, California
December 5, 2022

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2022**

This section of the Incline Village General Improvement District's (District's) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the transmittal letter, financial statements, and notes to gain a more complete picture of the information presented therein.

FINANCIAL HIGHLIGHTS

Financial highlights based on Government-wide Financial Statements, for the year ended June 30, 2022:

- The District's net position as of June 30, 2022 was \$164.49 million and reflects an increase in net position of \$4.42 million over the prior year. Of this amount, a total of \$45.44 million (unrestricted net position) is available to meet the District's future obligations, including future planned capital projects.
- The net position of the District's governmental activities increased by \$0.43 million (to \$8.27 million) and the net position of the District's business-type activities increased by \$3.99 million (to \$156.22 million).
- The District's Utility Fund ended the fiscal year with a net position of \$77.57 million, which represents an increase of \$0.58 million from the prior year. The Community Services Fund ended the year with a net position of \$64.67 million, reflecting a decrease of \$0.80 million from the prior year; the Beach Fund ended the year with a net position of \$13.93 million, reflecting an increase of \$4.21 million from the prior year.
- As of June 30, 2022 the District had total bond debt outstanding of \$3.38 million including Utility Revenue Bonds outstanding of \$2.99 million and Recreation Bonds outstanding totaling \$0.39 million. The District retired \$0.93 million in bond principal during the fiscal year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which consists of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

This report also contains other Supplementary Information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases, in net position, may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements (*Statement of Net Position* and *Statement of Activities*) distinguish functions of the District as either governmental activities or business-type activities. The governmental activities of the District include administration and are supported by general tax revenues. The business-type

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2022
(Continued)**

activities of the District include utility (water, sewer and solid waste), recreational activities, and internal service activities that reflect enterprise operations where a fee for service typically covers all or most of the costs of operations including depreciation and debt service.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over fiscal resources that have been segregated for specific activities. The District uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements; as such, the principal role of a fund is to demonstrate fiscal accountability. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, the governmental fund financial statement focuses on near-term inflow and outflow of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. This information is useful in evaluating a government's near-term financing requirements.

The District maintains a single governmental fund. Information is presented in the governmental fund financial statements for the General Fund.

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual budget for each of its governmental funds. A budgetary comparison is provided in order to demonstrate compliance with the approved budget. The budgetary comparison for the District's General Fund is provided as part of the basic financial statements.

Proprietary funds. The District operates two types of proprietary funds. *Enterprise funds* are used to report the same functions presented in business-type activities in the government-wide statements. The District uses enterprise funds to account for its Utility Fund, Community Services Fund, and Beach Fund. The financial statements for the fiscal year ended June 30, 2022 reflect a change in the basis of accounting for the District's Community Services and Beach Funds from Governmental Funds to Proprietary Funds, effective July 1, 2021.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its maintenance of its fleet of vehicles, buildings maintenance, and engineering functions. The Internal Service Fund is classified as proprietary activities in the government-wide statement since the most substantial users of these services are activities supported through the District's proprietary funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District. As a required supplementary schedule the District has prepared a schedule for its Multi-Employer Retirement Plans. Additional supplementary information is provided related to individual funds, providing more detailed budget-to-actual comparisons. These schedules indicate compliance with budgetary constraints and management directives to enhance accountability at the fund and function level. The supplementary information provides schedules to report revenue and expenditure results according to the format required by the State of Nevada Department of Taxation, Local Government Division. In addition, selected statistical information is provided on a five or ten-year basis, as available, for trend and historical analysis. This information addresses a number of the major revenue sources of the District including the Recreation and Beach Facility Fee.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2022
(Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's assets exceeded liabilities and deferred inflows of resources by \$164.49 million at June 30, 2022. The largest portion of net position (72.1%) reflects net investment in capital assets (e.g., land, buildings, equipment, construction in progress less accumulated depreciation and bonds that are still outstanding). The District uses these capital assets to provide services to citizens; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

**Incline Village General Improvement District
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and Other Assets	\$ 6,672,121	\$ 31,152,365	\$ 47,646,537	\$ 17,862,324	\$ 54,318,658	\$ 48,514,889
Long Term Assets	-	142,727	468,044	324,306	468,044	467,033
Net Capital Assets	3,359,612	58,782,233	118,609,082	63,685,660	121,968,694	122,467,893
Total assets	10,031,733	90,077,525	166,723,663	81,372,290	176,755,396	171,449,815
Liabilities						
Current Liabilities	1,543,689	6,742,425	5,925,224	1,414,356	7,468,913	8,156,781
Long Term Liabilities	216,624	389,043	2,881,600	2,972,341	3,098,224	3,361,384
Total liabilities	1,760,313	7,131,468	8,806,824	4,386,697	10,567,137	11,518,165
Deferred Inflows of Resources						
Deferred Inflow	-	-	1,695,703	-	1,695,703	-
Net Position						
Net investment in capital assets	3,359,612	58,015,190	115,225,972	60,139,428	118,585,584	118,154,618
Restricted	-	142,727	468,044	324,306	468,044	467,033
Unrestricted	4,911,808	24,788,140	40,527,120	16,521,859	45,438,928	41,309,999
Total net position	\$ 8,271,420	\$ 82,946,057	\$ 156,221,136	\$ 76,985,593	\$ 164,492,556	\$ 159,931,650

**Incline Village General Improvement District
Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for services	\$ 2	\$ 17,060,831	\$ 32,480,390	\$ 12,831,060	\$ 32,480,392	\$ 29,891,891
Operating Grants	2,000	18,440	39,138	39,857	41,138	58,297
Capital Grants and contributions	-	88,505	47,927	-	47,927	88,505
General Revenues:						
Ad valorem taxes	1,893,214	1,812,958	-	-	1,893,214	1,812,958
Consolidated taxes	2,049,551	1,888,448	-	-	2,049,551	1,888,448
Facility Fees	-	6,537,641	6,090,681	-	6,090,681	6,537,641
Unrestricted Investment income	(17,188)	73,594	(93,733)	33,681	(110,921)	107,275
Other	1,402	127,897	435,446	-	436,848	127,897
Total Revenues	3,928,981	27,608,314	38,999,849	12,904,598	42,928,830	40,512,912
Expenses						
General Government	3,497,944	2,887,892	-	-	3,497,944	2,887,892
Utilities	-	-	12,399,729	11,449,802	12,399,729	11,449,802
Community Services	-	18,996,222	20,779,505	-	20,779,505	18,996,222
Beach	-	2,186,645	1,784,943	-	1,784,943	2,186,645
Total Expenses	3,497,944	24,070,759	34,964,177	11,449,802	38,462,121	35,520,561
Excess Revenue (Expenses)	431,037	3,537,555	4,035,672	1,454,796	4,466,709	4,992,351
Changes in Net Position						
Beginning Net Position, as reported	82,946,057	79,265,885	76,985,593	78,697,763	159,931,650	157,963,648
Prior Period Adjustment	(75,105,674)	142,617	75,199,871	(3,166,966)	94,197	(3,024,349)
Beginning Net Position, as adjusted	7,840,383	79,408,502	152,185,464	75,530,797	160,028,847	154,939,299
Ending Net Position	8,271,420	82,946,057	156,221,136	76,985,593	164,492,556	159,931,650

Governmental activities increase the district's net position by \$0.43 million for fiscal year 2022, while Business-Type activities contributed \$3.99 million toward overall increase in net position. This increase was primarily due to the allocation of \$5.26 million in facility fee revenue to the Beach fund to support priority capital projects. This resulted in a net increase of \$4.21 million for the Beach fund for the year.

Revenues through June 30, 2022 across all governmental activities exceeded budget by approximately \$0.01 million. While, expenditures were below budget by approximately \$0.54 million, primarily from personnel

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2022
(Continued)**

costs and supplies and services reductions from limited services provided during COVID-19 pandemic recovery.

Total governmental activity revenue overall decreased approximately \$23.7 million year-to-year due to the Community Services Fund and Beach Fund converting from Governmental to Proprietary.

Incline Village General Improvement District Governmental Activities Revenues

	2022		2021	
Property taxes	\$ 1,893,214	48%	\$ 1,812,958	7%
Combined taxes	2,049,551	52%	1,888,448	7%
Charges for Services -Community Services	-	0%	16,221,278	59%
Charges for Services - Beach	-	0%	839,405	3%
Facility Fees - Community Services	-	0%	2,684,931	10%
Facility Fees- Beach	-	0%	3,852,710	14%
Operating Grants	2,000	0%	18,440	0%
Capital Grants	-	0%	88,505	1%
Unrestricted investment earnings (loss)	(17,188)	0%	73,594	0%
Other revenues/sources	1,404	0%	128,059	0%
Total general revenues	\$ 3,928,981	100%	\$ 27,608,328	101%

The facility fee assessed on parcel owners is the most stable of the revenue streams for the District. The facility fee is assessed by the District for recreation and beach privileges and is collected by Washoe County Assessor's office through the real property quarterly billing process. For 2021-22 the District assessed \$830,977 in Community Services facility fees and \$5,259,704 in Beach facility fees.

IVGID Facility Fees

Fiscal Year	Per Eligible Parcel		Total Assessment Roll		District Assessed
	Beach	Community Services	Beach	Community Services	Recreation Facility Fees
2021-22	\$ 680	\$ 100	\$ 5,259,704	\$ 830,977	\$ 6,090,681
2020-21	500	330	3,852,710	2,684,931	6,537,641
2019-20	125	705	968,500	5,783,115	6,751,615
2018-19	125	705	969,500	5,788,050	6,757,550
2017-18	125	705	969,500	5,776,770	6,746,270

Expenditures in the General Fund increased slightly the previous year due primarily to increased personnel costs. These increases are primarily due to positions not filled in FY2021 per reduced services provided during in response to the COVID-19 pandemic.

Business-type activities: Business-type activities increased their net position by \$3.99 million over the past fiscal year.

The Utility Fund historically has little fluctuation in its activity from year-to-year, and as an essential service (water, sewer and solid waste) has experienced limited impact related to the COVID-19 pandemic. The Utility Fund's increase in net position results primarily from saving in personnel costs and services and supplies. Capital expenditures for the year were \$715,805, while depreciation expense was \$3,285,127. Principal reduction on bonds was \$553,842.

Community Services activity resulted in a reduction in net position for the year of \$0.80 million, due in part to the reduction in Facility Fee revenue allocated to the Community Services fund, and planned draw-down of available fund balance. Recreation expenditures reflect an increase of 14.9% due primarily to restoration of

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2022
(Continued)**

programs and service levels as the District emerged from the COVID-19 pandemic. increased activity relative to the capital project expenditures reduction from prior year of \$2,151,778. The Beach Fund contributed significantly to the increase in net position (\$4.21 million), again, due primarily to Facility Fee revenues being collected to support planned capital projects. Otherwise, charges for services and operating expenditures saw a reduction from prior year, in part due to the incidence of wildfires in the region that impacted air quality (and curtailing outdoor activity) during the 2021 beach season.

For the District's government-wide financial statements for fiscal year 2022, revenues and expenditures within its Internal Services fund are displayed net of services charged to other funds, as these costs are included in the other business-type functions supported by the Internal Services functions.

FINANCIAL ANALYSIS OF DISTRICT FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds statements is to provide information on current inflows, outflows, and balances of resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance of \$5,247,738 in the General Fund may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the District's General Fund fund balance increased to \$5,249,782, with \$2,394 non-spendable. This results in an unassigned fund balance as of June 30, 2022 of \$5,247,738. This compares favorably to the minimum fund balance policy of 4% of annual expenditures (or a minimum reserve level of \$149,646).

Proprietary Funds: The District's recreational programming is conducted under two activities; they are Community Services and Beach. As a result of a deed restriction, a distinct constituency is served by the Beach fund and thus its inflows and outflows are measured separately to demonstrate compliance. The Community Services fund net position decreased to \$64,672,710. The Beach fund net position increased to \$13,934,794. These funds ended the fiscal year with unrestricted net positions of \$15,897,245 and \$5,510,557, respectively, exceeding the target of 25% of operating expenditures established by Board policy (or \$5.23 million and \$0.45 million, respectively). The net positions reflect funding being collected by the District in anticipation of significant priority capital projects included in the Board-approved multi-year capital plan.

Budgets are adopted for all governmental funds on a modified accrual basis. The focus of this basis is to capture transactions based on current financial resources. Increases and decreases in financial resources are recognized only to the extent that they reflect near-term inflows or outflows of cash.

General Fund Budgetary Highlights

General Fund revenues exceed expenditures by \$0.19 million for the fiscal year ended June 30, 2022.

Selected highlights within the District's General Fund includes:

- Revenues exceeding budget by \$11,412, with the single largest contributor being consolidated tax which ended the year \$102,551 above budget.
- General Fund expenditures for the year ended June 30, 2022 were \$3,741,148 or \$543,426 below budget (net of Central Services Overhead cost recovery). Year-end expenditures were below budget for all General Fund-supported administrative functions, with the largest favorable budget variances in Information Services, Human Resources, and Accounting.
- Capital Outlay expenditures within the General Fund were below budget by \$130,535.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Incline Village General Improvement District's investment in capital assets for its governmental and business-type activities, as of June 30, 2022 amounts to \$121,968,694 (net of accumulated depreciation). Investment in capital assets includes land, buildings and systems, improvements, machinery and

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2022
(Continued)**

equipment, and recreation facilities. Readers desiring more information, with respect to capital asset activity, should see Note 5 to the financial statements.

Incline Village General Improvement District Capital Assets, Net

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land - Governmental Activities	\$ 2,669,904	\$ 17,290,327	\$ -	\$ -	\$ 2,669,904	\$ 17,290,327
Construction in progress - Governmental Activities	335,903	1,939,563	-	-	335,903	1,939,563
Land - Utility Activities	-	-	6,715,544	6,715,544	6,715,544	6,715,544
Construction in progress - Utility Activities	-	-	1,498,869	1,035,834	1,498,869	1,035,834
Buildings and improvements - Governmental Activities	828,251	828,251	-	-	828,251	828,251
Equipment and vehicles - Governmental Activities	1,817,860	1,762,263	-	-	1,817,860	1,762,263
Internal Services equipment furniture and fixtures	240,596	240,596	-	-	240,596	240,596
Utility service infrastructure	-	-	113,353,076	113,100,306	113,353,076	113,100,306
Utility buildings and improvements	-	-	15,959,753	15,959,753	15,959,753	15,959,753
Utility equipment, furniture and fixtures	-	-	3,797,362	3,797,362	3,797,362	3,797,362
Community Services land	-	-	12,315,573	12,315,573	12,315,573	12,315,573
Community Services construction in progress	-	-	537,741	262,750	537,741	262,750
Community Services buildings and improvements	-	-	33,627,523	33,457,451	33,627,523	33,457,451
Community Services facilities improvements	-	-	35,896,434	35,404,502	35,896,434	35,404,502
Community services equipment, furniture and fixtures	-	-	12,614,948	12,159,382	12,614,948	12,159,382
Beach land	-	-	2,304,850	2,304,850	2,304,850	2,304,850
Beach construction in progress	-	-	-	1,383,864	-	1,383,864
Beach buildings and improvements	-	-	7,234,499	2,641,340	7,234,499	2,641,340
Beach facilities improvements	-	-	2,038,694	2,038,694	2,038,694	2,038,694
Beach equipment, furniture and fixtures	-	-	529,560	529,560	529,560	529,560
Total Cost	5,892,514	22,061,000	245,856,172	243,106,765	254,316,940	265,167,765
Accumulated Depreciation	(2,333,550)	(49,509,696)	(130,014,696)	(76,923,139)	(132,348,246)	(126,432,835)
Capital Assets, Net	\$ 3,558,964	\$ (27,448,696)	\$ 115,841,476	\$ 166,183,626	\$ 121,968,694	\$ 138,734,930

Long-term debt: At the end of the current fiscal year, the District had total bonded debt outstanding of \$3.39 million, including \$2.99 million in outstanding Utility Revenue Bonds and \$0.40 million in outstanding Recreation Bonds. Of the total amount of long-term debt outstanding, \$2.88 million comprise debt backed by the full faith and credit of the District, with the source for repayment being revenues from charges for services (including assessed facility fees). The remainder of the District debt, \$0.50 million, represents bonds secured solely by specified utility rate revenue sources.

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	New Issues	Principal Paid	Ending Balance
Governmental Type Activities:				
Bonds Payable;				
Recreation Revenue Supported	\$ 767,043	\$ -	\$ 370,667	\$ 396,376
Business Type Activities:				
Bonds Payable;				
Utility Revenue Supported	3,546,232	-	553,842	2,992,390
Total	<u>\$ 4,313,275</u>	<u>\$ -</u>	<u>\$ 924,509</u>	<u>\$ 3,388,766</u>

Readers desiring more information, with respect to the District's debt, should see Note 9 to the financial statements.

The District may borrow money and incur or assume indebtedness as provided in Nevada Revised Statutes, Chapter 318, Section 277, so long as the total of all such indebtedness (but excluding revenue bonds and special assessment bonds) does not exceed an amount equal to 50 percent of the total of the last assessed valuation of taxable property.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2022
(Continued)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The past fiscal year saw activity across the District increase relative to the significant curtailment of programs and services experienced during the height of the COVID-19 pandemic. The District's budget for FY2022/23 anticipates continuation of this trend. However, a factor that has the potential to continue to impact financial results for the District's recreation-focused activities is the current labor market, and in particular the challenge in filling seasonal, part-time positions. Shortage of available job applicants and increasing hourly wage rates, combined with the high-cost and shortage of housing opportunities are expected to continue to contribute to staffing shortages across the District. This represents a significant challenge in the District's efforts to restore "post-pandemic" service levels.
- The District's primary revenue sources continue to be service charges from users, comprised of fees charged by venues at the point of service delivery and a standby charge paid by parcel owners via property tax bills to support availability of facility and services. The standby charge, known as the Facility Fee, is set annually by the Board of Trustees and provides critical, yet relatively stable funding in support of venue operations, capital improvements and debt. The Board continues to review and set the Facility Fee based on a multi-year capital improvement plan and informed by the District's Strategic Plan. At the same time, a significant portion of District-wide charges for services revenues are generated by the Diamond Peak Ski Resort, and is thus somewhat dependent on the level and duration of snow throughout the winter season.
- Among the priority capital improvement projects is the replacement of several miles of the Effluent Export Pipeline transporting treated wastewater from the District's Water Resource Recovery Facility out of the basin. A comprehensive Utility Rate Study was completed identifying the need for substantial utility rate increases over the next several years. While these increases are required to support operations, capital and planned debt for the District's critical water and wastewater operations, as well as provide for adequate reserve levels, consistent with updated Board policies, the rate study also indicated that the District's utility rates can be expected to remain within the range of rates charged by comparable utilities in the region. To help minimize the impact of required rate increases, the District is pursuing low-interest financing through the State Revolving Fund loan program and is also aggressively pursuing potential federal grant opportunities that have the potential to reduce the burden on rate-payers.
- The Board of Trustees also continues to update its priority capital projects to support goals of the District's Community Services Master Plan, Beach Master Plan and Diamond Peak Master Plan. These discussions necessarily also include an analysis of financial capacity, and possible financing options. Among these is consideration of issuing debt versus pay-as-you-go financing, particularly in relation to priority capital projects that are expected to have useful lives over 30-40 years. This effort includes an overall assessment of the District's financial position, bonding capacity and credit worthiness.

REQUEST OF INFORMATION

This financial report is designed to provide a general overview of the District's finances for all interested parties. Questions concerning the information provided in this report or request for additional financial information should be addressed to the Director of Finance, 893 Southwood Boulevard, Incline Village, Nevada, 89451. This report will also be available on the District's website at www.yourtahoeplace.org.

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**BASIC FINANCIAL
STATEMENTS**

DRAFT

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash, cash equivalents, and investments	\$ 6,044,259	\$ 43,450,727	\$ 49,494,986
Receivables:			
Accounts receivable, net	349	1,535,411	1,535,760
Lease receivables	-	1,749,412	1,749,412
Interest on investments	11,440	-	11,440
Grants receivable	-	12,881	12,881
Due from other governments	297,791	142,466	440,257
Inventories	123,601	754,878	878,479
Prepaid items	2,394	762	3,156
Restricted assets:			
Restricted deposits	-	468,044	468,044
Capital assets:			
Land	2,669,904	21,335,967	24,005,871
Construction in progress	335,903	2,036,610	2,372,513
Capital assets, net of accumulated depreciation	353,805	95,236,505	95,590,310
Total assets	9,839,446	166,723,663	176,563,109
LIABILITIES			
Accounts payable	322,561	1,384,701	1,707,262
Accrued personnel costs	265,323	813,882	1,079,205
Accrued interest payable	-	43,236	43,236
Due to other governments	-	11,939	11,939
Unearned revenue	39	2,047,430	2,047,469
Refundable deposits	-	440,102	440,102
Noncurrent liabilities:			
Bonds due within one year	-	960,406	960,406
Compensated absences due within one year	187,761	193,406	381,167
Lease payable due within one year	-	30,401	30,401
Claims payable within one year	763,479	-	763,479
Bonds due in more than one year	-	2,422,704	2,422,704
Compensated absences due in more than one year	28,863	446,252	475,115
Lease payable due in more than one year	-	12,365	12,365
Total liabilities	1,568,026	8,806,824	10,374,850
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow related to leases	-	1,695,703	1,695,703
NET POSITION			
Net investment in capital assets	3,359,612	115,225,972	118,585,584
Restricted	763,479	468,044	1,231,523
Unrestricted	4,148,329	40,527,120	44,675,449
Total net position	\$ 8,271,420	\$ 156,221,136	\$ 164,492,556

The notes to the financial statements are an integral part of this statement.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 3,497,944	\$ 2	\$ 2,000	\$ -	\$ (3,495,942)	\$ -	\$ (3,495,942)
Total governmental-type activities	<u>3,497,944</u>	<u>2</u>	<u>2,000</u>	<u>-</u>	<u>(3,495,942)</u>	<u>-</u>	<u>(3,495,942)</u>
Business-type activities:							
Utilities	12,399,729	13,007,972	22,138	-	-	630,381	630,381
Community services	20,779,505	18,722,295	17,000	47,927	-	(1,992,283)	(1,992,283)
Beach	1,784,943	750,123	-	-	-	(1,034,820)	(1,034,820)
Total business-type activities	<u>34,964,177</u>	<u>32,480,390</u>	<u>39,138</u>	<u>47,927</u>	<u>-</u>	<u>(2,396,722)</u>	<u>(2,396,722)</u>
Total primary government	<u>\$ 38,462,121</u>	<u>\$ 32,480,392</u>	<u>\$ 41,138</u>	<u>\$ 47,927</u>	<u>\$ (3,495,942)</u>	<u>\$ (2,396,722)</u>	<u>\$ (5,892,664)</u>
General revenues:							
Property taxes					1,893,214	-	1,893,214
Combined taxes					2,049,551	-	2,049,551
Facility Fees (Assessed)					-	6,090,681	6,090,681
Unrestricted investment earnings (loss)					(17,188)	(93,733)	(110,921)
Insurance Proceeds					-	97,894	97,894
Miscellaneous revenues					1,402	337,552	338,954
Total general revenues					<u>3,926,979</u>	<u>6,432,394</u>	<u>10,359,373</u>
Changes in net position					<u>431,037</u>	<u>4,035,672</u>	<u>4,466,709</u>
Net position - beginning, as previously reported					82,946,057	76,985,593	159,931,650
Prior Period Adjustment					<u>(75,105,674)</u>	<u>75,199,871</u>	<u>94,197</u>
Net positions, beginning					<u>7,840,383</u>	<u>152,185,464</u>	<u>160,025,847</u>
Net position - ending					<u>\$ 8,271,420</u>	<u>\$ 156,221,136</u>	<u>\$ 164,492,556</u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

	GENERAL
ASSETS	
Cash, cash equivalents and investments	\$ 5,943,999
Accounts receivable, net	349
Interest receivable on investments	11,440
Due from other funds	192,287
Due from other governments	297,791
Prepaid items	2,394
Total assets	\$ 6,448,260
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 270,363
Accrued personnel costs	164,597
Unearned revenue	39
Total liabilities	434,999
Fund balance	
Non-spendable	2,394
Unassigned	6,010,867
Total fund balance	6,013,261
Total liabilities and fund balance	\$ 6,448,260

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2022**

Amounts reported for governmental activities in the Statement of Net Position that are not included in the Governmental Funds Balance Sheet (because):

Total Fund Balance for Governmental Activities	\$ 6,013,261
Capital Assets, net of accumulated depreciation, are not financial resources, and therefore are not reported in the General Fund	3,318,368
Long Term Liability for Compensated Absences	(145,840)
Long Term Liability for Washoe County Property Tax Litigation	(763,479)
Total Balance from Internal Services Fund	<u>\$ (150,890)</u>
Net Position of Governmental Activities	<u><u>\$ 8,271,420</u></u>

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The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022**

	GENERAL
REVENUES	
Ad valorem taxes	\$ 1,873,949
Personal Property Tax	19,265
Intergovernmental:	
Consolidated taxes	1,743,081
Local Government Tax Act	306,470
Services	2,000
Investment income (loss)	(16,517)
Miscellaneous	1,404
Total revenues	3,929,652
EXPENDITURES	
GENERAL GOVERNMENT	
General Manager	416,380
Trustees	176,915
Accounting	228,180
Information Services	1,141,343
Human Resources	209,968
Health & Wellness	7,433
Community & Employee Relations	150,307
Administration	715,815
Settlement Expense	596,257
Capital Outlay	98,550
Total expenditures	3,741,148
Net change in fund balance	188,504
Fund Balance, July 1, as previously reported	5,730,560
Prior period adjustment	94,197
Fund balance, July 1, as restated	5,824,757
Fund balance, June 30	\$ 6,013,261

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES FOR THE GOVERNMENTAL FUNDS
TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Amounts reported for governmental activities are different because the Governmental Funds account for a flow of resources while the Statement of Activities is on a full accrual basis of accounting:

Total Net Change in Fund Balance for Governmental Funds	\$ 188,504
Payroll expense associated with compensated absences	(145,840)
Settlement Expense	596,257
Capital Assets acquired during the year and capitalized	98,550
Depreciation expense for the fiscal year	(128,330)
Internal Services change in Net Position	<u>(178,104)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 431,037</u></u>

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The notes to the financial statements are an integral part of this statement.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 18,710,558	\$ 18,715,561	\$ 6,024,608	\$ 100,260	\$ 43,550,987
Accounts receivable	1,508,619	26,792	-	-	1,535,411
Lease receivable	-	1,749,412	-	-	1,749,412
Grants receivable	12,881	-	-	-	12,881
Due from other governments	-	24,032	118,434	-	142,466
Inventories	165,127	589,751	-	123,601	878,479
Prepaid expenses	-	-	762	-	762
Total current assets	<u>20,397,185</u>	<u>21,105,548</u>	<u>6,143,804</u>	<u>223,861</u>	<u>47,870,398</u>
Noncurrent assets:					
Contractual deposits	100	6,075	-	-	6,175
Restricted deposit for debt service reserve	230,729	-	-	-	230,729
Restricted for TRPA Deposits	94,189	135,951	1,000	-	231,140
Total noncurrent assets	<u>325,018</u>	<u>142,026</u>	<u>1,000</u>	<u>-</u>	<u>468,044</u>
Capital Assets:					
Land	6,715,544	12,315,573	2,304,850	-	21,335,967
Construction in progress	1,498,869	537,741	-	-	2,036,610
Buildings and structures	15,959,753	33,627,523	7,234,499	-	56,821,775
Improvements and Infrastructure	113,353,076	35,896,434	2,038,694	-	151,288,204
Right-to-use assets	-	78,537	-	-	78,537
Equipment and vehicles	3,797,362	12,536,411	529,560	240,596	17,103,929
Total capital assets	141,324,604	94,992,219	12,107,603	240,596	248,665,022
Less: accumulated depreciation	(80,208,266)	(45,929,003)	(3,678,075)	(199,352)	(67,424)
Total capital assets (net)	<u>61,116,338</u>	<u>49,063,216</u>	<u>8,429,528</u>	<u>41,244</u>	<u>248,597,598</u>
Total noncurrent assets	<u>61,441,356</u>	<u>49,205,242</u>	<u>8,430,528</u>	<u>41,244</u>	<u>249,065,642</u>
Total assets	<u>81,838,541</u>	<u>70,310,790</u>	<u>14,574,332</u>	<u>265,105</u>	<u>296,936,040</u>
LIABILITIES					
Current liabilities:					
Accounts payable	582,227	360,569	441,905	52,198	1,436,899
Accrued personnel costs	172,357	529,059	112,466	100,726	914,608
Accrued interest payable	38,837	4,328	71	-	43,236
Due to other funds	-	-	-	192,287	192,287
Due to other governments	-	-	11,939	-	11,939
Unearned revenue	183,519	1,824,668	39,243	-	2,047,430
Deposits payable	-	440,102	-	-	440,102
Current portion of compensated absences	82,417	101,232	9,757	24,774	218,180
Current maturities of long-term debt	569,407	384,429	6,291	-	960,127
Lease payable due within one year	-	30,401	-	-	30,401
Total current liabilities	<u>1,628,764</u>	<u>3,674,788</u>	<u>621,672</u>	<u>369,985</u>	<u>6,295,209</u>
Non-current liabilities:					
Compensated absences	218,510	209,876	17,866	46,010	492,262
Non-current long term debt	2,422,983	-	-	-	2,422,983
Lease payable due in more than one year	-	12,365	-	-	12,365
Total non-current liabilities	<u>2,641,493</u>	<u>222,241</u>	<u>17,866</u>	<u>46,010</u>	<u>2,927,610</u>
Deferred lease inflows	-	1,695,703	-	-	-
Total liabilities and deferred inflows	<u>4,270,257</u>	<u>5,592,732</u>	<u>639,538</u>	<u>415,995</u>	<u>124,490,035</u>
NET POSITION					
Net investment in capital assets	58,123,948	48,678,787	8,423,237	41,244	115,267,216
Restricted	325,018	142,026	1,000	-	468,044
Unrestricted	19,119,318	15,897,245	5,510,557	(192,134)	40,334,986
Total net position	<u>\$ 77,568,284</u>	<u>\$ 64,718,058</u>	<u>\$ 13,934,794</u>	<u>\$ (150,890)</u>	<u>\$ 156,070,246</u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2022**

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
OPERATING REVENUES					
Sales and fees	\$ 12,885,588	\$ 18,590,272	\$ 750,123	\$ -	\$ 32,225,983
Recreation fee	-	830,977	5,259,704	-	6,090,681
Operating grants	22,138	17,000	-	-	39,138
Interfund services	122,384	149,813	-	2,594,923	2,867,120
Total operating revenues	13,030,110	19,588,062	6,009,827	2,594,923	41,222,922
OPERATING EXPENSES					
Wages and benefits	4,210,437	9,037,152	1,002,834	1,788,304	16,038,727
Cost of goods sold	10,212	1,305,464	1,652	-	1,317,328
Services and supplies	2,971,167	4,941,072	350,475	947,279	9,209,993
Defensible space	77,969	77,970	-	-	155,939
Central services cost	445,092	999,759	93,956	-	1,538,807
Insurance	211,382	442,932	39,371	15,829	709,514
Utilities	931,759	1,125,484	103,507	9,878	2,170,628
Professional fees	175,021	26,690	4,293	525	206,529
Depreciation	3,285,127	2,960,293	188,686	10,541	6,444,647
Total operating expenses	12,318,166	20,916,816	1,784,774	2,772,356	37,792,112
Operating income (loss)	711,944	(1,328,754)	4,225,053	(177,433)	3,430,810
NONOPERATING REVENUES (EXPENSES)					
Investment earnings (loss)	(57,286)	(17,441)	(19,005)	(671)	(94,403)
Insurance proceeds	-	97,894	-	-	97,894
Gain on sales of assets	9,096	-	-	-	9,096
Lease revenue	500	131,523	-	-	132,023
Miscellaneous revenue	-	328,456	-	-	328,456
Interest on bond debt	(81,563)	(12,501)	(169)	-	(94,233)
Total nonoperating revenues (expenses)	(129,253)	527,931	(19,174)	(671)	378,833
Income before transfers and contributions	582,691	(800,823)	4,205,879	(178,104)	3,809,643
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital Grants	-	47,927	-	-	47,927
Change in net position	582,691	(752,896)	4,205,879	(178,104)	3,857,570
Total net position, July 1, as previously reported	76,985,593	-	-	27,214	77,012,807
Prior Period Adjustment	-	65,470,954	9,728,915	-	75,199,869
Total net position, July 1, as adjusted	76,985,593	65,470,954	9,728,915	27,214	152,212,676
Total net position, June 30	\$ 77,568,284	\$ 64,718,058	\$ 13,934,794	\$ (150,890)	\$ 156,070,246

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2022**

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 12,766,774	\$ 20,371,990	\$ 5,974,106	\$ -	\$ 39,112,870
Receipts from interfund services provided	122,384	149,813	-	2,594,923	2,867,120
Payments to suppliers	(4,532,707)	(8,917,646)	(949,796)	(812,612)	(15,212,761)
Payments to employees	(4,070,858)	(8,296,220)	(870,745)	(1,678,828)	(14,916,651)
Net cash provided (used) by operating activities	4,285,593	3,307,937	4,153,565	103,483	11,850,578
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(715,805)	(2,430,733)	(3,209,295)	(2,552)	(6,358,385)
Proceeds from sale of assets	9,096	-	-	-	9,096
Insurance proceeds	-	97,894	-	-	97,894
Lease proceeds	500	176,871	-	-	177,371
Proceeds from capital grants	-	47,927	-	-	47,927
Payments on capital debt	(553,842)	(370,264)	(6,059)	-	(930,165)
Interest paid on long term debt	(89,292)	(13,500)	(237)	-	(103,029)
Net cash provided (used) by capital and related financing activities	(1,349,343)	(2,491,805)	(3,215,591)	(2,552)	(7,059,291)
CASH FLOWS FROM INVESTING ACTIVITIES					
Long-term investments matured	1,507,905	760,122	-	-	2,268,027
Investment earnings (losses)	(53,496)	271,192	(19,005)	(671)	198,020
Net cash provided (used) by investing activities	1,454,409	1,031,314	(19,005)	(671)	2,466,047
Net change in cash and cash equivalents	4,390,659	1,847,446	918,969	100,260	7,257,334
Cash and cash equivalents, July 1	14,644,917	17,010,141	5,106,639	-	36,761,697
Cash, cash equivalents and investments, June 30	\$ 19,035,576	\$ 18,857,587	\$ 6,025,608	\$ 100,260	\$ 44,019,031

(Continued)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2022**

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 711,944	\$ (1,328,754)	\$ 4,225,053	\$ (177,433)	\$ 3,430,810
Non-cash adjustments -					
Depreciation	3,285,127	2,960,293	188,686	10,541	6,444,647
Increase (decrease) in cash from changes in:					
Accounts receivable	(152,550)	38,173	13,056	-	(101,321)
Grants receivable	-	373,912	-	-	373,912
Due from other governments	-	38,836	(34,709)	-	4,127
Inventories	(4,059)	(170,195)	-	(47,806)	(222,060)
Prepaid expenses	-	197,520	(762)	-	196,758
Accounts payable	293,954	(25,600)	(352,593)	16,418	(67,821)
Accrued personnel costs	(161,348)	429,824	104,466	38,692	411,634
Compensated absences	300,927	311,108	27,623	70,784	710,442
Due to other funds	-	-	-	192,287	192,287
Due to other governments	-	-	(3,187)	-	(3,187)
Misc. Liabilities	-	(8,334)	-	-	(8,334)
Deposits payable	-	(57,133)	-	-	(57,133)
Unearned revenue	11,598	548,287	(14,068)	-	545,817
Total adjustments	3,573,649	4,636,691	(71,488)	280,916	8,419,768
Net cash provided (used) by operating activities	<u>\$ 4,285,593</u>	<u>\$ 3,307,937</u>	<u>\$ 4,153,565</u>	<u>\$ 103,483</u>	<u>\$ 11,850,578</u>

There were no noncash capital, financing, and investing activities

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Incline Village General Improvement District (the “District”) operates under provisions of the Nevada Revised Statutes (NRS), Chapter 318. Under the law, the District has been granted authority by Washoe County to provide water, sewer and solid waste services, and recreational facilities and programs for the benefit of individuals owning property or residing within its geographical boundaries. The unincorporated rural areas of Incline Village and Crystal Bay, Washoe County, Nevada are within these boundaries.

The District is governed by a board of five publicly elected trustees. The District is not included in any other governmental reporting entity. The District is a legally separate government and it is fiscally independent of any other governmental entity. The District is not financially accountable for any other entity.

B. Basic Financial Statements - Government-wide financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the District.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis, and is reflected on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net position is reported in three parts –net investment in capital assets, restricted; and unrestricted.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who receive a direct benefit from goods or services. Grants and contributions are restricted to meeting the operational or capital requirements of a function. General revenues reflect items that are not included as either program revenue or grants and contributions. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and grants.

C. Basic Financial Statements - Fund financial statements

The financial transactions of the District are reported in individual purpose-based fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows and outflows, fund equity, revenues and expenditures/expenses. Separate financial statements are provided for governmental funds and proprietary funds. The District has no fiduciary funds. Major funds for each fund type are presented as separate columns in the fund financial statements.

D. Measurement Focus/Basis of Accounting – Fund financial statements

The *measurement focus* describes the types of transactions and events that are reported in a fund’s operating statement. The *basis of accounting* refers to the timing of revenues and how expenditures/expenses are recognized in the accounts, and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days under the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of sales and services, administration and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. The Proprietary funds utilize the accrual basis of accounting.

The District's internal services are presented in the proprietary fund's financial statements. The principal users of Internal Services (Fleet, Engineering and Buildings) are the District's utility and recreation program activities. All Internal Services are considered a governmental - type activity for the Government-wide financial statements. The majority of utilization of internal services is by the Utility Fund, Community Services and the Beach funds. The effect of inter-fund activity has not been eliminated from the Government-wide financial statements.

The District uses the following funds:

Governmental Funds -

General Fund - is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund's primary function is to provide general administration for all other functions.

Proprietary Funds -

District's Proprietary (Enterprise) Funds are used to account for operations of the District's Utilities as well as District's recreational Community Services and Beach operations.

Utility Fund – providing water, sewer, solid waste and recycling services to approximately 4,100 customers.

Community Services – providing recreation venues, programs and services to approximately 8,200 parcel owners, their guests and visitors. The Community Services Fund includes operations, capital and debt related to golf courses, event facilities, downhill skiing, recreation and fitness programs, parks, tennis, and pickle ball.

Beach – providing beaches, picnic areas, boat launching and aquatics programs to approximately 7,700 parcel owners and their guests.

(Note: from 7/1/15 through 6/30/21, the District's Community Services and Beach activities were reported under Governmental Funds (Special Revenue, Capital and Debt). As of 7/1/22, the financial reporting of these activities was transitioned back Proprietary (Enterprise) funds, and are reflected as such in the District's financial statements).

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

Internal Service Funds – The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments of the District. The District provides Fleet, Engineering, and Buildings Maintenance, which includes repair and maintenance of the District's vehicles and equipment, engineering services, and buildings maintenance. The Fleet, Engineering and Buildings Maintenance Departments also collectively provide planning, inspection, construction and maintenance for the District's structures and equipment.

E. Budgets and Budgetary Accounting

The District adheres to the Local Government Budget Act incorporated within Chapter 354 of the Nevada Revised Statutes, which includes the following major procedures to establish the budgetary data reflected in these financial statements.

1. On or before April 15, 2021, the Board of Trustees filed a tentative budget with the Nevada Department of Taxation. Public hearings on the tentative budget were held after the third Monday in May. On May 26, 2021, at a public hearing, the Board adopted a final budget. On or before June 1, 2021 the final budget was filed with the Nevada Department of Taxation.

2. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for all funds. Formal budgetary integration in the financial records is employed to enhance management control during the year for all funds requiring budgets. Budgets are adopted for all governmental and proprietary fund types. The governmental fund type budgets are adopted on a modified accrual basis and the proprietary funds types budgets are adopted on an accrual basis. The District can amend or augment the budget after following State Statutes and, if necessary, public hearing procedures. For fiscal year 2021-22, the Board of Trustees approved budget augmentations totaling \$802,841. The single largest augmentation (\$236,382) was related to the Burnt Cedar Pool Reconstruction Project.

3. The legal level of budgetary control authority is at the fund level, with appropriations reflected at the function level. Management has no budget augmentation authority without approval by the District's Board of Trustees. The General Manager may authorize a budget adjustment, provided that the budget adjustment does not increase the level of Board-approved appropriation, by fund, and is otherwise consistent with Board policies. , Generally, the expenses in the proprietary funds also may not exceed appropriations. While management -pursuant to provisions of the Nevada Revised Statutes - has flexibility to change the operating budgets of the proprietary funds, in practice this occurs only rarely. Statutes do not require that enterprise fund capital outlay, debt service payments and other non-operating cash transactions, normally reflected in the balance sheet of the proprietary funds, to be limited by the budget.

4. The District also presents select cash flow information in order to reflect all resources being used to provide for capital outlay, debt service payments and other transactions particularly in proprietary funds. This supplemental disclosure allows the District to identify the extent of current year items that are being paid from previously funded resources. The presentation includes items according to character and object. It also provides the Nevada Department of Taxation with requested information that compares to amounts reported on their budget forms.

F. Cash, Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition that are held for routine expenditures.

District Funds share bank accounts for operations, payroll and reimbursements. Activity between funds occurs in the regular activities of the District. The General Fund issues accounts payable and

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

payroll and related benefits for all funds. To the extent payment has not occurred, but the cost was realized by the benefited fund, internal balances for Due from or to Other Funds are established. These are cleared monthly through pooled cash. The combined pooled balances are monitored to assure no fund makes temporary loans to another, within the context of Nevada Revised Statute 354.6118.

Short-term investments reflect items held with maturities within one year. These are predominantly certificates of deposit and agency issues. These provide funds for capital projects.

Long-term investments reflect items held with maturities beyond one year. These include certificates of deposit and instruments issued by the Federal Government or its agencies.

Nevada Revised Statutes authorize the District to invest in obligations of the U.S. Government or U.S. Treasury, providing maturities are 10 years or less from the date of purchase; the local government investment pool (LGIP) (operated by the Nevada State Treasurer); negotiable certificates of deposit issued by commercial banks or insured savings and loans; short-term negotiable notes or bonds issued by local governments; and bankers' acceptances eligible by law for rediscount with the Federal Reserve Banks not to exceed 180 days.

Funds on deposit with LGIP are considered cash and cash equivalents. Even though the weighted average maturity of the underlying investments in the LGIP are greater than 90 days, the District can liquidate its deposits within a few days. The District has reported these deposits at cost plus accrued interest, which approximates fair value.

The District's investments are stated at fair value as of the reporting date. These are categorized using fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

G. Receivables

Receivables reflected in the District's basic financial statements include monies due from other governments, grants receivable as well as other accounts receivable.

Due From Other Governments. Property taxes are levied no later than July 10 of each year on property values assessed for the same year. The taxes may be paid in four installments as follows: the first installment is due on or before the third Monday in August, the second installment is due on or before the first Monday in October, the third installment is due on or before the first Monday in January, and the fourth installment is due on or before the first Monday in March. If payment of the taxes is not made within ten days following the day the installments become due, penalties are assessed in accordance with NRS 361.483. Once the installments become delinquent, interest is added at the rate of 10 percent per annum. Taxes levied become a perpetual lien against the property assessed until the tax and any penalty charges and interest which may accrue thereon are paid. Washoe County assesses the property tax, bills, collects, and distributes the property tax revenue.

The District also receives certain tax revenues in the General Fund which are collected by the State of Nevada. These settlements arrive within 60 days of the month close when they are generated. The amounts are listed as Due from Other Governments. The District also has an operating grant from Washoe County, received monthly in arrears. The uncollected balance of this grant is carried in Due from Other Governments.

Grants Receivable. The District has been awarded grants to finance the construction of various infrastructure projects (ex. utilities, creek zone restoration, and upgrade a ballfield). Such grant funds

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

are considered earned when requisite construction costs are incurred. The District has recognized funds earned but not collected by a Grants Receivable, in the government wide financial statements.

Other Receivables. Accounts receivable reflects service charges to customers and resident for deposits or fees that are earned, but not collected. The District may file a tax lien for uncollected utility service fees.

H. Inventory and Prepaid Items

There are no inventories in the General Fund. Inventories of items for resale for Utility, Community Services, and Beach Proprietary Funds are stated at the lower of cost (first-in, first-out) or market.

Certain payments are made to vendors for costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. They are recognized under the consumption method when used.

I. Restricted Assets

The District has restricted several deposits for the benefit of other agencies in connection with performance under a retail operation, construction projects, and debt service. These agencies establish the restriction by regulation or agreement.

J. Capital Assets

Capital assets include land, buildings, machinery and equipment, or water rights which are reported in the applicable governmental or business-type activities column in the government-wide financial statements. If purchased or constructed, all capital assets are recorded at historical cost. Donated capital assets are valued at acquisition value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets (all categories except land and construction in progress) is charged as an expense against each fund's operation. The District's policy is to capitalize assets with a normal useful life of three or more years.

The District holds 4,272 Acre Feet of Water Rights. This represents about 1,405,000,000 gallons. The District's historical records cannot separately identify the cost of water rights from land.

Activities of the General Fund include District administration, accounting and finance, information systems and technology, human resources, risk management, the General Manager's office, communications and the Board of Trustees. The land, buildings, furniture and equipment, including technology assets, represent items used in common by all of the activities of the General Fund at the District's administrative office. The computers and technology represent equipment of the Information Systems & Technology (IST) department that services the needs of the entire District. These assets are presented as a part of government-wide net position.

Activities of the Community Services Proprietary Fund include two 18-hole golf courses, a large and small meeting facility, a ski resort, a recreation center, parks, a tennis center, a skateboard park, and green spaces. Venue improvements include the cost of developing program-ready locations.

Activities of the Beach Proprietary Fund include three beaches with restricted access. One has a watercraft launch ramp and storage areas for paddleboards and kayaks. Two beaches have concession stands and playground areas. One beach provides swimming and wading pools.

Utility capital assets include traditional distribution lines, tanks, pumps and treatment. However, since the District is located in the Lake Tahoe Basin, the number of pumps, tanks and export lines is increased due to the requirements to manage in a mountainous and environmentally sensitive area.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

The District has a number of Construction in Progress items related to major projects that span multiple fiscal years as well as the fact that the fiscal year-end falls in the middle of the active construction / acquisitions season. The District accumulates costs through a series of pre-design, design and acquisition stages.

Depreciation has been provided over the estimated useful lives of the various assets using the straight-line method. Board policy providing for estimated lives and capitalization thresholds of major classes of depreciable assets was updated during the fiscal year, and are summarized as follows:

<u>Asset Category</u>	<u>Through 12/13/21</u>		<u>After 12/31/21</u>	
	<u>Depreciable Life</u>	<u>Capitalization Threshold</u>	<u>Depreciable Life</u>	<u>Capitalization Threshold</u>
Buildings and Structures	30 - 50 years	\$10,000	10 - 40 years	\$25,000
Venue Improvements	10-50 years	\$10,000	10 - 25 years	\$10,000
Service Infrastructure	10-50 years	\$10,000	5 - 40 years	\$25,000
Equipment and Vehicles	3-20 years	\$5,000	3 - 20 years	\$10,000
Right-to-Use Asset	3-20 years	\$5,000	3 - 20 years	\$10,000

K. Amortization of Bond Discounts

The discounts on bonds sold are being amortized to expense over the term of the bonds. Bonds payable are reported net of related discounts.

L. Compensated Absences and Accrued Personnel Costs

Full-time employees are provided vacation benefits that specifically relate to tenure with the District. After six months of service, employees are entitled to their vested vacation leave upon termination. The liability for vacation benefits is recognized with an expenditure or charge to the appropriate fund and activity as earned.

The District pays payroll every two weeks. Any District payroll earned as of month end is accrued based on the number of days attributed to that month to the total 14 days paid with the next scheduled payroll. Liabilities for fringe benefits and other costs, such as taxes, are also accrued on the same method.

The District has adopted a plan under which certain retirees, who have met specific service requirements, can roll unused sick leave pay to cover medical expenses after retirement. Otherwise, sick leave is not vested.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that will apply to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

N. Unearned Revenue and Refundable Deposits

The District's Utility Fund reads meters in 3 cycles over the course of a month. Billing occurs once a month. Billings for the next cycle are also reconciled with actual usage. Funds received for the Tahoe Water Suppliers Association are recognized only to the extent expended and may roll over to the next year.

The District's Community Services Fund recognizes unearned revenue to the extent it has issued user passes, gift or payment cards that can be applied to future purchases. There also are advance deposits made to reserve dates for facility rentals or program registrations. User passes expire with a stated season.

O. Long-Term Debt

In the government-wide financial statement, and proprietary fund financial statements, long-term debts are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statements net of related discounts. Bond discounts are amortized using the straight-line method and are amortized over the term of the related debt.

P. Fund Balance

In the fund financial statements, fund balance for governmental funds are reported in classifications that comprise a hierarchy based primarily on how amounts can be spent. These include "non-spendable" which are not expected to be converted to cash, such as inventory or prepaid items, "restricted" by conditions of law, regulation grants, or contracts with external parties, "committed" which arise from formal acts of the District's Board, "assigned" which reflect an intent by management of the District or "unassigned" which is the residual amount. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District, which can act by their resolution, prior to the end of the fiscal year, and thus commit and/or assign fund balance. Once adopted, the limitation imposed by the Board of Trustees remains in place until a similar resolution is taken to remove or revise the limitation.

During this fiscal year, the District's Board of Trustees approved an update to Board Policy 7.1.0, establishing policy related to the appropriate level of fund balances, effective for the fiscal year ending June 30, 2022. The target fund balance / reserve levels established by Board policy are summarized as follows:

General Fund – The policy of the District shall be to maintain a target fund balance within the General Fund equal to 15% of annual budgeted expenditures (less transfers and debt)

- Of this amount, 5% is designated as a reserve for economic uncertainty;
- An additional 10% is to be designated as an emergency reserve to cover unanticipated expenditures resulting from emergencies or unanticipated mandates;
- In no cases shall the fund balance fall below the minimum balance requirements (4.0% of prior year expenditures) required under Nevada Administrative Code Section 354.650.

Enterprise Fund Types - The policy of the District shall be to maintain target levels of reserves within the Unrestricted Net Position of each of its enterprise funds, as follows:

- Operating Reserve Target: 25% of annual budgeted operating expenses (excluding depreciation and debt).

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

- Capital Reserve Target: 1 year of 3-year average annual budgeted depreciation.
- Debt Reserve Target – The District’s approved annual budget will maintain required debt coverage ratios for all existing debt; in addition, should the District issue any variable-rate debt obligations, an additional debt reserve shall be established at a level equal to one year’s interest expenses related to variable-rate debt.

Q. Net Position

In the Proprietary fund and the government-wide financial statements, net position is presented in one of three classifications: “net investment in capital assets,” “restricted” and the residual “unrestricted.” The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances on bonds that are attributable to the acquisition, construction or improvement of those assets. The restricted component of net position consists of assets restricted by a third party reduced by associated liabilities. The unrestricted component of net position is the net amount of assets and liabilities not included in the determination of net investment of capital assets or the restricted component.

R. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

S. Central Services Cost Allocation

The District allocates the shared costs of Accounting and Human Resources based under a Board-approved Central Services Cost Allocation Plan, adopted each year with the budget. The cost allocation plan considers full-time equivalent staffing-levels, wages, benefits, and certain services and supplies as a basis for determining the allocation of overhead charges. While charges are estimated based on budgeted expenses, actual charges are based on actual expenditures throughout the year. A year-end adjustment may be required to ensure costs charged do not exceed costs incurred for the fiscal year. The revenue generated by the allocation is recorded as an offset to General Government expenses (for Human Resources and Accounting) in the governmental funds statements.

T. Punch Cards Utilized

Under District Ordinance 7, parcel owners may obtain up to five Picture Passes and/or Punch Cards, with the latter “valued” at 1/5th of the annual Facility Fee assessed on each parcel. As a non-exchange transaction, the revenue collected from the annual Facility Fees are reflected as a General Revenue in the Statement of Activities. Punch Cards can be used to pay-down the difference between a regular rate and the resident rate for certain types of recreational fees. These forms of payment are presented as contra revenue in the Fund statements. No contra-revenues are recorded for transactions involving additional Punch Cards purchased by property owners throughout the year.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At year-end, the carrying amount of the District’s checking deposits was \$9,366,220 while the bank balance was \$9,897,222. Of the bank balance, \$250,000 was covered by Federal Depository Insurance Coverage and the balance was covered by pledged collateral under an arrangement with the State of Nevada on behalf of all local units of government.

Cash Equivalents and Investments at June 30, 2022 consist of:

Operating Checking Accounts	\$14,947,779
Petty cash and change funds	45,905
Nevada Local Government Investment Pool (average weighted maturity of 130 days)	
General LGIP Account	15,112,303
US Government Money Market	14,650,116
Government Agency Securities	3,346,240
Certificates of Deposit	<u>1,392,644</u>
Total Cash Equivalents and Investments	<u>\$49,494,987</u>

Restricted Deposits \$ 468,044

Investments at June 30, 2022 consist of:

General LGIP Account	15,112,303
US Government Money Market	14,650,116
Government Agency Securities	3,346,240
Certificates of Deposit	1,392,644
LGIP – Restricted Deposits	<u>468,044</u>
Total Investments	<u>\$34,963,072</u>

A portion of the District’s investments are placed with Wells Fargo Bank as custodian in the US Government Money Market, where fair value is determined by multiplying the number of trading units held, by the quoted market value on that date.

The District is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the Board of Finance of the State of Nevada. The District’s investment in the LGIP is equal to its original investment plus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares.

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments. The District has adopted a formal investment policy that meets those limits and maturities for its investment choices. Essentially those investments are brokered certificates of deposit and government agencies.

The District categorizes its fair value measurements for investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

Fair Value Measurements as of June 30, 2022

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Certificates of Deposit		\$ 1,392,642		\$ 1,392,642
Government Agency Securities		3,346,241		<u>3,346,241</u>
Investments not subject to fair value measurement hierarchy				
Interest Bearing Amounts - Investments				4,738,883
US Government Money Market				14,650,116
LGIP at Net Asset Value (Cash Equivalent)				15,112,303
LGIP Restricted Deposits at Net Asset Value				<u>461,870</u>
Total Fair Value Measurements				<u>\$ 34,963,172</u>

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To the extent possible, the District's portfolio shall remain sufficiently liquid so as to support near-term operating and capital expenditures. In so doing, the portfolio will have limited interest rate risk associated with long-term investments.

Investment Maturities by Investment Type as of June 30, 2022

	2023	2024	2025	2026	2027	Total
Certificates of Deposit	\$ -	\$ -	\$ 469,274	\$ 463,507	\$ 459,861	\$ 1,392,642
Government Agency Securities	980,034	963,324	952,233	450,650	-	3,346,241
US Government Money Market	14,650,116	-	-	-	-	14,650,116
LGIP as Cash Equivalent	15,112,203	-	-	-	-	15,112,203
LGIP - Restricted Deposits	461,870	-	-	-	-	<u>461,870</u>
All Investment Types						<u>\$ 34,963,072</u>

Ratings as of Year End

	Total	AAA	AA+	AA-	A+	A-	Not Rated
Certificates of Deposit *	\$ 1,392,642						\$ 1,392,642
Government Agency Securities **	3,346,241	3,346,241					
US Government Money Market	14,650,116						14,650,116
LGIP as Cash Equivalent	15,112,203						15,112,203
LGIP - Restricted Deposits	461,870						<u>461,870</u>
	<u>\$ 34,963,072</u>	<u>\$ 3,346,241</u>	\$ -	\$ -	\$ -	\$ -	<u>\$ 30,224,189</u>

* Federally-insured bank CD's

** Moody's assigns government agency debt securities "AAA" rating.

Credit Risk – The District's Investment Policy is based on the Uniform Prudent Investors Act and Nevada Revised Statutes 355.170 (NRS). The NRS authorizes the District to invest in obligations of the U.S. Government or U.S. Treasury, providing maturities are 10 years or less from the date of purchase; the local government pooled investment fund; negotiable certificates of deposit issued by commercial banks or insured savings and loans; short-term negotiable notes or bonds issued by local governments; and bankers' acceptances eligible by law for rediscount with the Federal Reserve Banks not to exceed 180 days. Diversification of the District's investments is guided by the Uniform Prudent Investors Act.

Custodial Credit Risk – The District Investment Policy requires FDIC coverage or collateralization on deposit-type securities. The District's cash accounts on deposit with financial institutions were covered by federal depository insurance and are collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

Concentration Credit Risk – The District Investment Policy calls for diversification without setting maximum allocations. The District invests in Federal government-sponsored enterprises (GSE) for safety and to meet statutory requirements. Individual CD's are held with a number of banks at or under the FDIC insured limited calculated by those institutions. LGIP is an unrated external investment pool administered by the

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

State Treasurer, with oversight by the State of Nevada Board of Finance. The District has investments with Federal Home Loan Bank that represent approximately 7% of the entire investment portfolio.

3. RESTRICTED DEPOSITS

The State of Nevada requires a deposit for sales tax collection and electronic filing of \$6,075, for a retail location in non-District owned premises.

The assets of the EPA State Revolving Fund (SRF) Reserve may be used to service the Nevada SRF Sewer Bond of 2002. These restricted assets are pledged to provide a measure of security for the Nevada State Water Pollution Control Revolving Fund. The pledge is for \$213,000, interest earned is in the account at the District's discretion. The EPA SRF Reserve is in the LGIP Account totaling \$230,729. The assets in the TRPA (Tahoe Regional Planning Authority) Reserve may be used to satisfy performance obligations on projects authorized by the TRPA. These usually cover several years for construction and inspection phases. The total required deposits are \$211,778, and interest earned is in the account at the District's discretion. The TRPA Project Reserve is in the LGIP Account totaling \$231,140:

Deposit with State of Nevada for Sales Tax	\$ 6,075
Building Deposit held by Parasol Tahoe Foundation	100
LGIP Restricted Deposits (SRF & TRPA)	<u>461,869</u>
Total Restricted Deposits	<u>\$ 468,044</u>

4. LEASES RECEIVABLE

The District is a lessor in 4 cancellable lease for radio tower space rental. The leases require payments of \$933 and \$1,815 monthly and annual payments from \$20,764 to 119,166. The District recognized \$131,178 in lease revenue and \$45,347 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2022, the lease receivable is \$1,749,412 and deferred inflows of resource is \$1,695,703.

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INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

5. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2022:

	Balance 7/1/2021 *	Increases	Decreases	Balance June 30, 2022
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 2,669,904	\$ -	\$ -	\$ 2,669,904
Construction in Progress	292,949	98,550	(55,596)	335,903
Total governmental capital assets, not being depreciated	<u>2,962,853</u>	<u>98,550</u>	<u>(55,596)</u>	<u>3,005,807</u>
Capital assets, being depreciated				
Buildings and Structures	828,251	-	-	828,251
Equipment and Vehicles	1,762,263	55,596	-	1,817,859
Total governmental capital assets, being depreciated	<u>2,590,514</u>	<u>55,596</u>	<u>-</u>	<u>2,646,110</u>
Less accumulated depreciation for:				
Buildings and Structures	(750,008)	(16,766)	-	(766,774)
Equipment and Vehicles	(1,455,212)	(111,564)	-	(1,566,776)
Total accumulated depreciation	<u>(2,205,220)</u>	<u>(128,330)</u>	<u>-</u>	<u>(2,333,550)</u>
Total governmental capital assets being depreciated, net	385,294	(72,734)	-	312,560
Governmental Activities Capital Assets, net	<u>\$ 3,348,147</u>	<u>\$ 25,816</u>	<u>\$ (55,596)</u>	<u>\$ 3,318,367</u>
Business-Type Activities				
Proprietary Capital assets not being depreciated				
Land - Utilities	\$ 6,715,544	\$ -	\$ -	\$ 6,715,544
Land - Community Services	12,315,573	-	-	12,315,573
Land - Beach	2,304,850	-	-	2,304,850
Construction in progress - Utilities	1,035,834	905,605	(442,570)	1,498,869
Construction in progress - Community Services	262,750	1,501,473	(1,226,482)	537,741
Construction in progress - Beach	1,383,864	3,209,294	(4,593,158)	-
Total proprietary capital assets, not being depreciated	<u>24,018,415</u>	<u>5,616,372</u>	<u>(6,262,210)</u>	<u>23,372,577</u>
Proprietary Capital assets, being depreciated				
Buildings and structures - Utilities	15,959,753	-	-	15,959,753
Buildings and structures - Community Services	33,457,451	240,821	(70,749)	33,627,523
Buildings and structures - Beach	2,641,340	4,593,158	-	7,234,498
Services infrastructure - Utilities	113,100,306	252,770	-	113,353,076
Venue improvements - Community Services	35,404,502	491,932	-	35,896,434
Venue improvements - Beach	2,038,694	-	-	2,038,694
Equipment and vehicles - Utilities	3,797,362	-	-	3,797,362
Equipment and vehicles - Community Services	12,080,845	1,059,358	(603,792)	12,536,411
Right to use leased equipment - Community Services	78,537	-	-	78,537
Equipment and vehicles - Beach	529,561	-	-	529,561
Equipment and vehicles - Internal Services	240,596	-	-	240,596
Total proprietary capital assets at historical cost	<u>219,328,947</u>	<u>6,638,039</u>	<u>(674,541)</u>	<u>225,292,445</u>

* Balance as of June 30, 2021 has been restated to implement GASB Statement No. 87

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

5. CAPITAL ASSETS (continued)

Capital Asset activity for the year ended June 30, 2022:	Balance			Balance June 30, 2022
	July 1, 2021	Increases	Decreases	
Less accumulated depreciation for:				
Buildings and structures - Utilities	(8,257,034)	(440,356)	-	(8,697,390)
Buildings and structures - Community Services	(15,564,938)	(1,006,566)	54,620	(16,516,884)
Buildings and structures - Beach	(1,728,405)	(83,024)	-	(1,811,429)
Services infrastructure - Utilities	(66,047,209)	(2,702,767)	-	(68,749,976)
Venue improvements - Community Services	(20,467,114)	(928,137)	-	(21,395,251)
Venue improvements - Beach	(1,450,971)	(46,749)	-	(1,497,720)
Equipment and vehicles - Utilities	(2,618,896)	(142,004)	-	(2,760,900)
Equipment and vehicles - Community Services	(7,594,225)	(986,542)	602,950	(7,977,817)
Right to use leased equipment - Community Services	-	(38,051)	-	(38,051)
Equipment and vehicles - Beach	(310,013)	(59,913)	-	(369,926)
Equipment and vehicles - Internal Services	(188,811)	(10,541)	-	(199,352)
Total accumulated depreciation	<u>(124,227,616)</u>	<u>(6,444,650)</u>	<u>657,570</u>	<u>(130,014,696)</u>
Total proprietary capital assets being depreciated, net	<u>95,179,868</u>	<u>193,389</u>	<u>(16,971)</u>	<u>95,356,286</u>
Business-Type Activities Capital Assets, net	<u>\$ 119,198,283</u>	<u>\$ 5,809,761</u>	<u>\$ (6,279,181)</u>	<u>\$ 118,728,863</u>

The District has a number of Construction in Progress projects open as of June 30, 2022. The Utility Fund includes \$1,114,233 for the design phase of the Effluent Export Line that project will be ongoing through at least 2023. The Community Services Fund has \$132,976 for the Locker Room Improvements. The District's primary building season is limited to May to October because of regulations from the Tahoe Regional Planning Agency. Most equipment purchases follow the budget and fiscal year cycle.

Depreciation expenses for the year ended June 30, 2022 were charged to functions as follows:

Governmental Activities:	
General Government	<u>\$ 128,330</u>
Business-Type Activities:	
Utility Fund Water and Sewer	3,285,128
Recreation	2,960,294
Beach	188,687
Internal Services	<u>10,541</u>
Total Proprietary Depreciation	<u>6,444,650</u>
Total Depreciation Expense	<u><u>\$ 6,572,980</u></u>

6. COMPENSATED ABSENCES

At any given point the District has an obligation to its employees for the value of vacation time earned and not taken. The obligation is measured by the value due as if the employee terminated. The District allows retiring employees with an excess of 20 years of service, and that have accrued sick leave, to have it converted to Medical Retiree Benefit for reimbursing post-employment health related costs. There are 4 eligible employees covered. The District has no other post-employment benefit obligations for health insurance or retirement benefits.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

	Balance <u>June 30, 2021</u>	Provisions <u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2022</u>	Amount due within one year
Sick Leave Retirement Benefit	\$ 245,000	-	-	245,000	109,060
Accrued Vacation	<u>611,814</u>	<u>1,265,206</u>	<u>1,258,539</u>	<u>611,282</u>	<u>272,107</u>
Total compensated absences	\$ 903,239	\$ 1,265,206	\$ 1,258,539	\$ 856,282	\$ 381,167

7. UNEARNED REVENUE

The District receives a number of payments that will be recognized as revenue or a liquidated liability based upon a future transaction when the service is provided. These include:

	General	Community Services	Beach	Utility	Total
Billed in advance	\$ 39	\$ 280,184	\$ 39,243	\$183,519	\$ 502,985
Unexpired season passes	-	1,466,523	-	-	1,466,523
Internal Gift Cards	-	77,961	-	-	77,961
Total	<u>\$ 39</u>	<u>\$1,824,668</u>	<u>\$ 39,243</u>	<u>\$183,519</u>	<u>\$2,047,469</u>

8. INTERFUND ACCOUNTS AND TRANSFERS

The outstanding balances between funds results mainly from the time lag between the dates that (1) inter fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balances settle monthly through pooled cash, and therefore there are no open balances as of June 30, 2022.

9. LONG-TERM DEBT

All of the District's Long Term Bonds are collateralized by a pledge of revenues derived and to be derived from the operation of either the Utility, Community Services or Beach venues, after deduction there from of the amount necessary to pay all operating and maintenance charges as required by applicable bond agreements. The District is also required to maintain rates sufficient to pay all maintenance, depreciation, replacement, betterment, and interest charges.

Outstanding Long-Term Debt as of June 30, 2022:

<u>Issue</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>	<u>Current Portion</u>
General Obligation Revenue Bonds Recreation						
Recreation Facilities and Recreation						
Refunding 2012	07/18/12	09/01/22	2.25%	3,475,000	\$ 391,000	\$391,000
PNC Equipment Lease	02/12/20	01/12/24	4.30%	78,537	42,766	28,527
Bond Discounts					(279)	(279)
Total Recreation Revenue Supported Debt					<u>\$ 433,487</u>	<u>\$419,248</u>
Utility						
State of Nevada:						
Sewer C32-0204	10/28/02	01/01/23	3.14%	\$1,720,380	\$ 125,609	\$125,609
Water IVGID-1	09/09/04	07/01/25	3.08%	1,687,282	374,340	102,897

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

Sewer CS32-0404 (G.O.)	08/01/06	01/01/26	2.73%	3,000,000	781,475	187,510
Water DW-1201 (G.O.)	03/16/12	01/01/32	2.39%	3,000,000	<u>1,710,966</u>	<u>153,391</u>
Total Utility Revenue Supported Debt					<u>\$2,992,390</u>	<u>\$569,407</u>
Total Debt – All Activities					<u>\$3,426,156</u>	<u>\$988,934</u>

Long-Term Debt changes for the year:

	<u>Beginning Balance</u>	<u>New Issues</u>	<u>Principal Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2012 Recreation	\$ 769,000	\$ -	\$378,000	\$391,000	\$391,000
Bond discounts	(1,957)	-	(1,679)	(278)	-
PNC Equipment Lease	<u>78,537</u>	<u>-</u>	<u>35,771</u>	<u>42,766</u>	<u>28,527</u>
Governmental type total	<u>\$ 845,580</u>	<u>-</u>	<u>412,092</u>	<u>433,766</u>	<u>\$419,527</u>
Sewer C32-0204	247,360	-	121,751	125,609	125,609
Water IVGID-1	474,138	-	99,798	374,340	102,897
Sewer CS32-0404	963,978	-	182,503	781,475	187,510
Water DW-1201	<u>1,860,759</u>	<u>-</u>	<u>149,792</u>	<u>1,710,967</u>	<u>153,391</u>
Business Type Total	<u>3,546,235</u>	<u>-</u>	<u>553,844</u>	<u>2,992,391</u>	<u>569,407</u>
Total Debt	<u>\$4,391,815</u>	<u>\$ -</u>	<u>\$965,936</u>	<u>\$3,356,157</u>	<u>\$988,934</u>
By Bond Type:					
General Obligation	\$3,591,775	\$ -	\$708,616	\$2,883,161	\$731,901
Revenue	<u>721,498</u>	<u>-</u>	<u>221,549</u>	<u>499,949</u>	<u>228,506</u>
Total Debt	<u>\$4,313,275</u>	<u>-</u>	<u>\$930,165</u>	<u>\$3,383,110</u>	<u>\$960,407</u>

Future Debt Service Requirements as of June 30, 2022:

Fiscal Year	Debt Supported by <u>Utility Revenue</u>		Debt Supported by <u>Recreation Revenue</u>		Debt Supported by <u>Lease Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>Ending June 30</u>						
2023	\$569,407	\$73,728	\$391,000	\$4,399	\$30,401	\$1,874
2024	455,827	58,730	-	-	12,365	1,093
2025	468,183	46,373	-	-	-	-
2026	424,055	33,677	-	-	-	-
2027	884,959	81,900	-	-	-	-
2028-2032	<u>189,960</u>	<u>3,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$2,992,391</u>	<u>\$ 297,820</u>	<u>\$ 391,000</u>	<u>\$ 4,399</u>	<u>\$ 42,766</u>	<u>\$ 2,967</u>

At June 30, 2022, principal and interest to maturity to be paid from pledged future Utility Revenues totals \$3,290,211 and \$395,399 paid from future pledged Recreation Revenues.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

10. DISTRICT RETIREMENT BENEFIT PLANS

The District has two retirement plans covering substantially all of its full-time year round employees. Those not covered under the Pension Trust Fund for Operating Engineers are covered by the District's Money Purchase Pension Plan (Section 401(a)). The District also sponsors a Section 457 Deferred Compensation Plan. No trust is used in relation to these plans; account balances are in the name of the individual employee.

The District's Money Purchase Pension Section 401(a) Plan is a defined contribution plan. The plan is administered by third party administrators. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after six months of service. The District's provides a non-elective contribution of 13.3% of the employee's earnings. The District's contributions for each employee are fully vested after four years of service. District contributions and interest forfeited by employees who leave employment before fully vesting, are used to reduce the District's current-period contribution requirement. Employees are not allowed to contribute directly into this plan.

The Pension Trust Fund for Operating Engineers is a cost sharing, multiple employer, defined benefit plan contract between the District's employees and the Operating Engineers Union. The plan provides retirement and medical benefits to eligible participants based on a formula of years of service and reaching a qualifying age. It is available to approximately 66 positions in the District, covered by the collective bargaining agreements, with only four electing to do so. The District is not a party to this defined benefit plan. The District's liability under the union collective bargaining agreement is limited to making monthly contributions based on union employees' pay for hours worked. Consequently, the District is not liable for any funding shortage of the defined benefit plan. Each year the District contributions to the plan equal 100% of the District's liability under the bargaining agreement. The Pension Trust Fund for Operating Engineers issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Pension Trust Fund for Operating Engineers, 1600 Harbor Bay Parkway, Suite 200, Alameda, California 94502 or by calling (800) 251-5014.

The District's Deferred Compensation (Section 457) Plan is a defined contribution plan. The plan is administered by third party administrators. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate immediately after the first day of a month of employment. Employee contributions are subject to Internal Revenue Service regulations for Section 457 plans. The District provides a matching contribution up to 6%. Both employee and District contributions are fully vested 100% as made.

The District's total contributions equal to required contributions for employees covered by the above plans are as follows:

<u>FYE June 30</u>	<u>401(a) Money Purchase</u>	<u>Operating Engineers</u>	<u>Employer Section 457</u>	<u>Employee Section 457</u>
2022	\$1,153,757	\$ 54,149	\$ 429,356	\$ 638,317

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all District employees, permit them to defer a portion of their earnings until future years. The deferred compensation benefit is not collectible by employees until termination, retirement, death, or unforeseeable emergency.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

11. SCHEDULE OF INSURANCE COVERAGE AND RISK MANAGEMENT

Insurance Coverage on June 30, 2022 consists of the following:

Type	Carrier/Provider	Amount
Property Liability on buildings & contents	NV Public Agency Pool	\$ 300,000,000
Earthquake & Flood	NV Public Agency Pool	150,000,000
Boiler & Machinery	NV Public Agency Pool	100,000,000
General Liability	NV Public Agency Pool	10,000,000
Cyber Security Event	NV Public Agency Pool	3,000,000
Money & Securities	NV Public Agency Pool	500,000
Site Pollution Incident	NV Public Agency Pool	2,000,000
Ski Resort Gen. Liability	Nova Casualty Company	1,000,000
Ski Resort Excess Liability	Nova Casualty Company	6,000,000
Workers Compensation	NV Public Agency Comp. Trust	2,000,000

The District has elected to participate in the Nevada Public Agency Insurance Pool. The risk-sharing Pool secures insurance coverage for all its members. The Pool agreement provides coverage for the equivalent of errors and omissions and directors' and officers' acts. The Pool does not offer general or excess liability coverage for the Diamond Peak Ski Resort. Therefore, separate coverage is purchased.

A portion of each member's premium contributions to the Pool goes into the Loss Fund and the remainder pays for the excess insurance premiums and administrative expenses. The amount of the Loss Fund contribution is determined by the underwriters based on each member's average annual losses over the prior five years. This amount may vary each year.

The Pool pays all losses from the Loss Fund per occurrence, less the member's maintenance deductible. The District has a \$5,000 deductible. Excess insurance above the Pool's self-funded amount, is provided by secondary markets based on arrangements made with the Pool, including a Pool owned captive.

There were no District settlements in excess of insurance coverage in any of the three prior fiscal years.

Ski Liability Insurance is not covered by the Nevada Public Agency Insurance Pool. A separate insurance program, less the District's \$10,000 deductible, provides coverage.

The District has elected to participate in the Nevada Public Agency Compensation Trust (NVPACT) to provide workers compensation coverage for all employees. The District pays quarterly assessments. The assessments are based on actuarial estimates provided by NVPACT utilizing covered payroll data for the most recent calendar year. A portion of each member's assessment goes into the Loss Fund and the remainder pays for the excess insurance premiums and administrative expenses. This amount may vary each year.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

12. PLEDGED REVENUE AND COVERAGE

The District has a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in note 9. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in note 9. For the current year, debt service payments as a percentage of pledged gross revenue are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

<u>Description of Pledge Revenue</u>	<u>Annual Amount of Pledged Revenue</u>	<u>Annual Debt Service Payments</u>	<u>Debt Service as a Percentage of Pledged Revenue</u>
Sewer Service Revenue	\$7,084,503	\$331,714	4.68%
Water Service Revenue	5,304,096	303,691	5.73%

13. CLAIMS PAYABLE

Claims payable are as follows for the last two fiscal years:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
FY2021	1,359,736	-	-	1,359,736
FY2022	1,359,736	-	596,257	763,479

14. UNRESTRICTED FUNDS

At its meeting of March 3, 2020, the Board of Trustees took action to “restrict” \$9,656,890 for the purpose of earmarking these funds for the Effluent Export Pipeline Project. On August 12, 2020, the Board designated an additional \$1,912,767 as “restricted” for this purpose. As of June 30, 2021, the total funding intended to be “restricted” by the Board of Trustees for the Effluent Export Pipeline Project amounted to \$14,213,435. As of June 30, 2022, the level of funding set-aside by the Board for this purpose has increased to \$15,463,000. Funds designated for the Effluent Export Pipeline Project represent a portion of funds received by the District from utility rate revenues established and collected specifically for Utility capital improvement projects.

Notwithstanding the Board’s action to designate funding for the Effluent Pipeline Project, this funding remains in the unrestricted net position of the District’s business-type activities on the government-wide Statement of Net Position. This is due to the determination that the Board’s designation does not rise to the level of meeting the criteria set forth in GASB Statement No. 34 for restricted net position within proprietary funds.

15. LEASE OBLIGATIONS

Revenue:

Non-operating revenue includes rent received for cell towers on District property. The District has an agreement with American Tower for a tower at the Mountain Golf Course. The current term started in April 2017, is for 5 years and will extend every five years through 2027 with rent increases of 3\$ per year, cancelable by either party. The District has two agreements with AT&T for a tower at the Mountain Golf Course and a tower at Diamond Peak. The term for the tower at the Mountain Golf Course Tower started in October 2015 for 5 years and will automatically extend every five years, through 2039, with rent increases of 3\$ per year, cancelable by the tenant. The tower at Diamond Peak Ski Resort has a term started in July 2018 for 5 years and will extend every five years, with rent increases of 3.5% per year, cancelable by the tenant, through 2037.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

The District has an agreement with T-Mobile (assigned to Crown Castle) for a cell tower lease at Diamond Peak Ski Resort with a term from June 2017 to 2027. In fiscal year 2022 we received from these agreements \$131,178 in lease revenue and \$45,347 in interest revenue.

District leases 1.5 acres of property adjacent to the Incline Village Middle School to the Parasol Foundation for \$1.00 per year.

District leases property located at 969 Tahoe Boulevard to the Reno-Sparks Convention and Visitor Authority for \$1.00 per year.

Expenses:

The District holds a Use Permit for Diamond Peak operations and activities on property owned by the U.S. Forest Service adjacent to District-owned property. The District pays an annual permit fee based on revenues generated by selected Ski operations.

16. DUE TO OTHER GOVERNMENTS

The District collects money for boat inspections performed by the Tahoe Regional Planning Agency. The balance owed at the end of the year was \$11,939.

17. COMMUNITY SERVICES AND BEACH FUNDS

The District provides recreation functions through two of its proprietary enterprise funds. Each serves a different set of venues and customer base. A significant source of revenue for these functions for operations, capital expenditure and debt service comes directly from a facility fee assessed by parcel for each function and expenditure type. Facility Fees have been listed separately by fund and function. The operating portion of the assessed facility fee is combined with charges for services to provide the resources for providing services. Charges for services are aggregated, while expenditures are provided by function. As stated in Note 1 T, part of the facility fee can be used to pay for charges for services in lieu of other forms of payment. These are referred to as Punch Cards. The following are major functions included in Charges for Services and the approximate amounts of punch cards activity that is included.

	Charges for Services	Paid with Punch Cards
Community Services Fund:		
Championship Golf	\$ 3,062,626	\$27,366
Mountain Golf	717,965	5,316
Facilities	1,942,227	-
Ski	11,583,667	181,032
Community Programming	1,170,158	7,275
Parks	47,145	-
Tennis	215,527	-
Recreation Administration	<u>(178,868)</u>	<u>-</u>
Total	<u>\$18,560,447</u>	<u>\$ 220,989</u>
Beach Fund	<u>\$ 750,123</u>	<u>\$ 438,651</u>
District Total	<u>\$19,310,570</u>	<u>\$ 659,640</u>

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

18. COMMITMENTS AFFECTING FUTURE PERIODS

General Fund:

The District entered into an unemployment insurance contract with First Nonprofit Companies for total premiums of \$220,800 for calendar year 2022 services. As of June 30, 2022, \$110,400 in quarterly deposits are remaining as a part of the subsequent year’s budget.

Capital Improvement Project Budget Carry-Forward:

The District budgets for capital improvement projects one year at a time for spending authority. The actual execution of construction or acquisition can span one or more fiscal years. The District identifies carryover and unspent budget authority for those projects. The amounts for governmental fund types are re-budgeted for the subsequent fiscal year. The unused Utility Fund, Community Services Fund, and Beach Fund resources become part of Unrestricted Net Position, and are budgeted under cash flow on the State of NV budget forms. Board-approved amounts carried-forward at year-end are as follows:

General Fund	\$ 124,300
Utility Fund	5,887,795
Community Services Fund	3,125,713
Beach Fund	689,223

The District has committed to contractual obligations for selected capital improvement projects through contracts, resulting in encumbered funds at year-end. These are included in the appropriations carry-forward to the FY2022/23 budget, and are summarized as follows:

Contractor	Project	Contract Amount	Completed (6/30/22)	Remaining Amount
CORE West, Inc	Burnt Cedar Pool Imp	\$3,845,865	\$3,567,790	\$ 278,075
Avail Enterprises, LLC	Rec Center Lobby	159,832	-	159,832
Ward-Young Architects	Rec Center Lobby	36,724	32,724	4,000
Ward-Young Architects	Rec Center Locker Room	91,972	85,904	6,068
Granite Construction	Effluent Pipeline	369,218	190,609	178,609
Axess America	RFID Gates	369,105	105,458	263,647

19. STATE OF NEVADA TAX ABATEMENTS AFFECTING DISTRICT REVENUES

The State of Nevada has entered into various tax abatement agreements that reduce the tax revenues of local governments. Taxes reduced include the Consolidated Tax, which includes allocated sales and use tax revenue. State law establishes the abatements. The District’s estimated share of abatements for this fiscal year is \$19,732.

20. PRIOR PERIOD ADJUSTMENT(S)

The Statement of Activities includes prior period adjustments resulting from changes in accounting practices, as follows:

In fiscal year 2022 the District returned the Community Services fund and the Beach fund to proprietary fund accounting. This change in accounting method requires a prior period adjustment for long term assets and long term liabilities reported under the proprietary fund method that are not reported under the governmental fund method. The total of the prior period adjustment is \$75,199,871 as stated in the Statement of Activities.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

The Statement of Activities, The Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance includes a prior period adjustment resulting from an adjustment to Due From Other Government account for tax revenues belonging to prior periods totally \$94,197

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INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF EMPLOYER REQUIRED CONTRIBUTIONS
TO DEFINED CONTRIBUTION MULTI-EMPLOYER PLANS
FOR THE TEN MOST RECENT FISCAL YEARS**

		<u>Operating Engineers</u>		
For the year ending June 30:	<u>Number of Participants</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	
2022	4	\$ 407,132	\$ 54,149	
2021	4	373,171	45,900	
2020	4	323,455	39,810	
2019	4	318,699	39,200	
2018	4	308,114	37,898	
2017	4	315,764	38,839	
2016	5	346,008	42,559	
2015	4	275,846	33,929	
2014	5	346,797	42,656	
2013	5	377,293	46,407	

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See notes to required supplementary information

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 1,948,610	\$ 1,948,610	\$ 1,873,949	\$ (74,661)
Personal Property Tax	12,000	12,000	19,265	7,265
Intergovernmental:				
Consolidated Tax	1,640,530	1,640,530	1,743,081	102,551
Local Government Tax Act	249,000	249,000	306,470	57,470
Investment income (loss)	65,700	65,700	(16,517)	(82,217)
Miscellaneous	2,400	2,400	3,404	1,004
Total revenues	<u>3,918,240</u>	<u>3,918,240</u>	<u>3,929,652</u>	<u>11,412</u>
EXPENDITURES				
General Government - All Functions:				
Function Summary (see next page)	5,170,249	4,284,574	3,741,148	543,426
Total expenditures	<u>5,170,249</u>	<u>4,284,574</u>	<u>3,741,148</u>	<u>543,426</u>
Excess (deficiency) of revenues over expenditures	<u>(1,252,009)</u>	<u>(366,334)</u>	<u>188,504</u>	<u>554,838</u>
OTHER FINANCING SOURCES (USES)				
Contingency	100,000	300,000	-	(300,000)
Net change in fund balance	<u>(1,152,009)</u>	<u>(66,334)</u>	<u>188,504</u>	<u>254,838</u>
Fund Balance, July 1, as previously reported	5,161,765	5,161,765	5,730,560	568,795
Prior period adjustment	-	-	94,197	94,197
Fund Balance, July 1, as restated	<u>5,161,765</u>	<u>5,161,765</u>	<u>5,824,757</u>	<u>662,992</u>
Fund balance, June 30	<u>\$ 4,009,756</u>	<u>\$ 5,095,431</u>	<u>\$ 6,013,261</u>	<u>\$ 917,830</u>

See notes to required supplementary information

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES				
General Government:				
General Administration				
Salaries and Wages	\$ 32,598	\$ 32,598	\$ 37,549	\$ (4,951)
Employee Benefits	21,889	21,889	15,975	5,914
Settlement Expense	-	-	596,257	(596,257)
Services and Supplies	558,906	700,705	662,291	38,414
Capital Outlay	32,500	32,500	-	32,500
Subtotal General Administration	<u>645,893</u>	<u>787,692</u>	<u>1,312,072</u>	<u>(524,380)</u>
General Manager				
Salaries and Wages	295,671	295,671	260,610	35,061
Employee Benefits	128,958	128,958	126,318	2,640
Services and Supplies	56,340	56,340	29,452	26,888
Subtotal General Manager	<u>480,969</u>	<u>480,969</u>	<u>416,380</u>	<u>64,589</u>
Trustees				
Salaries and Wages	128,112	128,112	103,053	25,059
Employee Benefits	39,380	39,380	35,319	4,061
Services and Supplies	89,000	125,525	38,543	86,982
Subtotal Trustees	<u>256,492</u>	<u>293,017</u>	<u>176,915</u>	<u>116,102</u>
Accounting				
Salaries and Wages	216,169	669,955	646,764	23,191
Employee Benefits	108,776	343,120	324,081	19,039
Services and Supplies	22,458	124,636	115,350	9,286
Central Services (Expenditure Offset)	-	(853,573)	(858,015)	4,442
Subtotal Accounting	<u>347,403</u>	<u>284,138</u>	<u>228,180</u>	<u>55,958</u>
Information Services				
Salaries and Wages	450,379	450,379	382,792	67,587
Employee Benefits	225,683	225,683	179,207	46,476
Services and Supplies	594,837	879,837	579,344	300,493
Capital Outlay	254,853	42,500	-	42,500
Subtotal Information Services	<u>1,525,752</u>	<u>1,598,399</u>	<u>1,141,343</u>	<u>457,056</u>
Human Resources				
Salaries and Wages	179,500	652,007	565,675	86,332
Employee Benefits	95,508	342,445	282,960	59,485
Services and Supplies	45,324	129,196	42,125	87,071
Central Services (Expenditure Offset)	-	(693,051)	(680,792)	(12,259)
Capital Outlay	154,085	154,085	98,550	55,535
Subtotal Human Resources	<u>474,417</u>	<u>584,682</u>	<u>308,518</u>	<u>276,164</u>
Health and Wellness				
Salaries and Wages	1,197	1,197	5,632	(4,435)
Employee Benefits	556	556	1,359	(803)
Services and Supplies	21,475	21,475	442	21,033
Subtotal Health and Wellness	<u>23,228</u>	<u>23,228</u>	<u>7,433</u>	<u>15,795</u>
Community & Employee Relations				
Salaries and Wages	97,380	97,380	85,873	11,507
Employee Benefits	52,251	52,251	51,204	1,047
Services and Supplies	131,518	82,818	13,230	69,588
Subtotal Comm. Relations	<u>281,149</u>	<u>232,449</u>	<u>150,307</u>	<u>82,142</u>
Function Subtotal	<u>\$ 4,035,303</u>	<u>\$ 4,284,574</u>	<u>\$ 3,741,148</u>	<u>\$ 543,426</u>

See notes to required supplementary information

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**SUPPLEMENTARY
INFORMATION**

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**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
UTILITIES FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET AND ACTUALS
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
OPERATING REVENUES				
Sales and fees	\$ 12,827,676	\$ 12,827,676	\$ 12,907,726	\$ (80,050)
Interfund services	241,400	241,400	122,384	119,016
Total operating revenues	<u>13,069,076</u>	<u>13,069,076</u>	<u>13,030,110</u>	<u>38,966</u>
OPERATING EXPENSES				
Wages and benefits	4,723,960	4,723,960	4,210,437	513,523
Cost of goods sold	-	-	10,212	(10,212)
Services and supplies	2,752,576	3,366,888	2,971,167	395,721
Defensible space	100,000	100,000	77,969	22,031
Central services cost	447,540	447,540	445,092	2,448
Insurance	211,000	211,000	211,382	(382)
Utilities	933,004	933,004	931,759	1,245
Professional fees	182,050	182,050	175,021	7,029
Depreciation	3,682,900	3,682,900	3,285,127	397,773
Total operating expenses	<u>13,033,030</u>	<u>13,647,342</u>	<u>12,318,166</u>	<u>1,329,176</u>
Operating income	<u>36,046</u>	<u>(578,266)</u>	<u>711,944</u>	<u>(1,290,210)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses)	74,000	74,000	(57,286)	131,286
Gain on sales of assets	-	-	9,096	(9,096)
Lease Revenue	-	-	500	(500)
Interest on bond debt	(89,291)	(89,291)	(81,563)	(7,728)
Total nonoperating revenues (expenses)	<u>(15,291)</u>	<u>(15,291)</u>	<u>(129,253)</u>	<u>113,962</u>
Income before transfers and contributions	<u>20,755</u>	<u>(593,557)</u>	<u>582,691</u>	<u>(1,176,248)</u>
Change in net position	<u>20,755</u>	<u>(593,557)</u>	<u>582,691</u>	<u>(1,176,248)</u>
Total net position, July 1	<u>76,985,593</u>	<u>76,985,593</u>	<u>76,985,593</u>	<u>76,985,593</u>
Total net position, June 30	<u>\$ 77,006,348</u>	<u>\$ 76,392,036</u>	<u>\$ 77,568,284</u>	<u>\$ 75,809,345</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET AND ACTUALS
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
OPERATING REVENUES				
Sales and fees	\$ 18,161,582	\$ 18,161,582	\$ 18,590,272	(428,690)
Rents income	12,100	12,100	-	12,100
Operating grants	34,800	34,800	17,000	17,800
Recreation fee	820,300	820,300	830,977	(10,677)
Interfund services	99,911	99,911	149,813	(49,902)
Total operating revenues	<u>19,128,693</u>	<u>19,128,693</u>	<u>19,588,062</u>	<u>(459,369)</u>
OPERATING EXPENSES				
Wages and benefits	9,692,809	9,692,809	9,037,152	655,657
Cost of goods sold	1,688,855	1,688,855	1,305,464	383,391
Services and supplies	5,012,480	5,660,360	4,941,072	719,288
Defensible space	100,000	100,000	77,970	22,030
Central services cost	980,404	980,404	999,759	(19,355)
Insurance	403,100	403,100	442,932	(39,832)
Utilities	1,258,234	1,258,234	1,125,484	132,750
Professional fees	44,625	44,625	26,690	17,935
Depreciation	3,415,427	3,415,427	2,960,293	455,134
Total operating expenses	<u>22,595,934</u>	<u>23,243,814</u>	<u>20,916,816</u>	<u>2,326,998</u>
Operating income	<u>(3,467,241)</u>	<u>(4,115,121)</u>	<u>(1,328,754)</u>	<u>(2,786,367)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses)	26,250	26,250	(62,789)	89,039
Gain on sales of assets	-	-	326,284	(326,284)
Insurance proceeds	-	-	97,894	(97,894)
Capital Grants	80,000	80,000	47,927	32,073
Lease Revenue	-	-	131,523	(131,523)
Miscellaneous revenue	118,130	118,130	2,172	115,958
Interest on bond debt	(12,840)	(12,840)	(12,501)	(339)
Total nonoperating revenues (expenses)	<u>211,540</u>	<u>211,540</u>	<u>530,510</u>	<u>(318,970)</u>
Change in net position	<u>(3,255,701)</u>	<u>(3,903,581)</u>	<u>(798,244)</u>	<u>(3,105,337)</u>
Total net position, July 1, as reported	-	-	-	-
Prior Period Adjustment	65,101,292	65,101,292	65,470,954	(369,662)
Total net position, July 1, as adjusted	<u>65,101,292</u>	<u>65,101,292</u>	<u>65,470,954</u>	<u>(369,662)</u>
Total net position, June 30	<u>\$ 61,845,591</u>	<u>\$ 61,197,711</u>	<u>\$ 64,672,710</u>	<u>\$ (3,474,999)</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 BEACH FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET POSITION - BUDGET AND ACTUALS
 FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
OPERATING REVENUES				
Sales and fees	\$ 892,500	\$ 892,500	\$ 750,123	\$ 142,377
Recreation fee	5,268,640	5,268,640	5,259,704	8,936
Total operating revenues	6,161,140	6,161,140	6,009,827	151,313
OPERATING EXPENSES				
Wages and benefits	1,115,284	1,115,284	1,002,834	112,450
Cost of goods sold	100,500	100,500	1,652	98,848
Services and supplies	639,716	884,369	350,475	533,894
Central services cost	118,680	118,680	93,956	24,724
Insurance	39,300	39,300	39,371	(71)
Utilities	139,064	139,064	103,507	35,557
Professional fees	17,850	17,850	4,293	13,557
Depreciation	249,000	249,000	188,686	60,314
Total operating expenses	2,419,394	2,664,047	1,784,774	879,273
Operating income	3,741,746	3,497,093	4,225,053	(727,960)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses)	5,625	5,625	(19,005)	24,630
Interest on bond debt	(210)	(210)	(169)	(41)
Total nonoperating revenues (expenses)	5,415	5,415	(19,174)	24,589
Change in net position	3,747,161	3,502,508	4,205,879	(703,371)
Total net position, July 1, as reported	-	-	-	-
Prior Period Adjustment	9,728,915	9,728,915	9,728,915	-
Total net position, July 1	9,728,915	9,728,915	9,728,915	-
Total net position, June 30	\$ 13,476,076	\$ 13,231,423	\$ 13,934,794	\$ (703,371)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
INTERNAL SERVICES FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET AND ACTUALS
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
OPERATING REVENUES				
Fleet services	\$ 1,244,526	\$ 1,244,526	\$ 1,130,616	\$ 113,910
Engineering	949,500	949,500	645,788	303,712
Building services	1,024,200	1,024,200	818,519	205,681
Total operating revenues	<u>3,218,226</u>	<u>3,218,226</u>	<u>2,594,923</u>	<u>623,303</u>
OPERATING EXPENSES				
Wages and benefits	2,235,688	2,235,688	1,788,304	447,384
Services and supplies	892,921	902,212	947,279	(45,067)
Insurance	15,800	15,800	15,829	(29)
Utilities	11,520	11,520	9,878	1,642
Professional fees	-	9,000	525	8,475
Depreciation	12,600	12,600	10,541	2,059
Total operating expenses	<u>3,168,529</u>	<u>3,186,820</u>	<u>2,772,356</u>	<u>414,464</u>
Operating income	<u>49,697</u>	<u>31,406</u>	<u>(177,433)</u>	<u>208,839</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses)	-	-	(671)	671
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(671)</u>	<u>671</u>
Change in net position	<u>49,697</u>	<u>31,406</u>	<u>(178,104)</u>	<u>209,510</u>
Total net position, July 1	<u>27,214</u>	<u>27,214</u>	<u>27,214</u>	<u>-</u>
Total net position, June 30	<u>\$ 76,911</u>	<u>\$ 58,620</u>	<u>\$ (150,890)</u>	<u>\$ 209,510</u>

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INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**STATISTICAL SECTION
(UNAUDITED)**

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STATISTICAL SECTION (UNAUDITED)

The Statistical Section of the Incline Village General Improvement District Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information indicates about the District's overall financial health.

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Financial Trends

These schedules contain trend information to help understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help assess the District's most significant local revenue source, the Facility Fee, property tax and local share of state-wide shared taxes.

Debt Capacity

These schedules present information to help assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. Certain amounts in prior year statements have been reclassified for comparisons purposes to conform to current year presentations.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**District-wide Net Position, based on Statement of Net Position
Last Ten Fiscal Years - (unaudited)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Net invested in capital assets	\$ 3,318,368	\$ 58,015,190	\$ 57,665,962	\$ 56,147,092	\$ 52,880,021	\$ 50,729,901	\$ 48,555,965	\$ 3,634,557	\$ 3,071,179	\$ 3,071,955
Restricted	763,479	142,727	142,135	136,993	183,037	180,564	178,426	-	-	-
Unrestricted	3,982,089	24,788,140	21,457,789	19,371,388	18,130,708	16,887,487	13,973,745	1,501,287	1,391,021	886,667
Total governmental activities net position	\$ 8,063,936	\$ 82,946,057	\$ 79,265,886	\$ 75,655,473	\$ 71,193,766	\$ 67,797,952	\$ 62,708,136	\$ 5,135,844	\$ 4,462,200	\$ 3,958,622
Business-type activities										
Net invested in capital assets	\$ 115,267,216	\$ 60,139,428	\$ 63,202,365	\$ 64,549,358	\$ 64,377,397	\$ 59,817,845	\$ 57,974,014	\$ 101,460,934	\$ 98,127,357	\$ 95,632,904
Restricted	468,044	324,306	322,895	316,611	309,344	305,022	226,208	413,260	471,789	495,310
Unrestricted	40,527,272	16,521,859	15,172,503	12,442,309	9,971,293	12,536,210	12,026,276	18,842,492	18,829,347	17,744,975
Total business-type activities net position	\$ 156,262,532	\$ 76,985,593	\$ 78,697,763	\$ 77,308,278	\$ 74,658,034	\$ 72,659,077	\$ 70,226,498	\$ 120,716,686	\$ 117,428,493	\$ 113,873,189
Primary government										
Net invested in capital assets	\$ 118,585,584	\$ 118,154,618	\$ 120,868,327	\$ 120,696,450	\$ 117,257,418	\$ 110,547,746	\$ 106,529,979	\$ 105,095,491	\$ 101,198,536	\$ 98,704,859
Restricted	1,231,523	467,033	465,030	453,604	492,381	485,586	404,634	413,260	471,789	495,310
Unrestricted	44,509,361	41,309,999	36,630,292	31,813,697	28,102,001	29,423,697	26,000,021	20,343,779	20,220,368	18,631,642
Total primary government net position	\$ 164,326,468	\$ 159,931,650	\$ 157,963,649	\$ 152,963,751	\$ 145,851,800	\$ 140,457,029	\$ 132,934,634	\$ 125,852,530	\$ 121,890,693	\$ 117,831,811

Source: District Comprehensive Annual Financial Report Government-wide Statement of Net Position, restated to align classifications for all years to governmental activities. 2018 is restated for Prior Period Adjustment

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**District-wide Changes in Net Position, based on Statement of Activities
Last Ten Fiscal Years - (unaudited)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities:										
General government	\$ 3,320,511	\$ 2,887,892	\$ 4,098,969	\$ 4,194,237	\$ 3,828,917	\$ 3,814,458	\$ 3,672,661	\$ 3,220,478	\$ 3,189,596	\$ 2,929,928
Community Services	-	19,012,462	19,567,351	20,310,745	18,947,246	18,599,633	17,237,889	-	-	-
Beach	-	2,151,734	2,010,175	2,141,695	1,848,969	1,802,103	1,689,472	-	-	-
Internal services	-	-	-	3,306,507	3,053,400	2,947,302	2,972,060	-	-	-
Interest on long-term debt	-	18,671	29,643	35,017	97,083	160,366	205,263	201,882	252,324	371,938
Total governmental activities expenses	3,320,511	24,070,759	25,706,138	29,988,201	27,775,615	27,323,862	25,777,345	22,804,006	22,108,925	20,942,771
Business-type activities:										
Utilities	12,318,166	11,352,888	11,495,874	10,428,137	10,113,371	9,729,775	9,781,165	9,442,666	9,029,675	8,480,954
Community Services	20,768,657	-	-	-	-	-	-	15,359,833	15,036,116	14,704,572
Beach	1,784,801	-	-	-	-	-	-	1,517,855	1,363,778	1,144,073
Internal services	177,433	-	-	-	-	-	-	2,503,958	2,267,111	1,792,260
Interest on long-term debt	92,553	96,914	-	126,351	140,463	154,186	167,530	180,505	193,123	186,608
Total business-type activities expenses	35,141,610	11,449,802	11,495,874	10,554,488	10,253,834	9,883,961	9,948,695	9,623,171	9,222,798	8,667,562
Total primary government expenses	38,462,121	35,520,561	37,202,012	40,542,689	38,029,449	37,207,823	35,726,040	32,427,177	31,331,723	29,610,333
Program Revenues										
Governmental activities:										
Central Services Costs (& equivalent pre-2012)	-	-	-	1,169,400	1,094,000	1,177,200	1,123,000	1,101,000	1,068,996	1,000,200
Charges for services										
Community Services	-	16,221,278	15,597,229	17,765,644	14,743,788	16,820,165	15,596,222	-	-	-
Beach	-	839,405	1,619,582	1,492,687	1,266,613	1,065,015	1,002,518	-	-	-
Operating and Capital Grants	2,002	107,093	1,654,399	-	-	-	-	-	-	-
Internal Services	-	-	-	3,304,862	3,190,849	3,114,747	2,935,521	-	-	-
Total governmental activities revenues	2,002	17,167,776	18,871,210	23,732,593	20,295,250	22,177,127	20,657,261	15,136,523	15,016,085	14,926,150
Business-type activities:										
Charges for services										
Utilities	12,885,588	12,831,060	12,564,466	12,785,742	11,925,557	11,813,169	11,158,119	10,851,123	10,434,118	9,767,475
Community Services	18,590,272	-	-	-	-	-	-	10,485,799	10,634,172	10,900,298
Beach	750,123	-	-	-	-	-	-	989,602	1,032,621	980,240
Operating Grants and Contributions	87,065	39,857	-	1,440	-	-	-	-	-	-
Internal Services	-	-	-	-	-	-	-	2,560,122	2,280,296	2,045,412
Total business-type activities revenue	32,313,048	12,870,917	12,564,466	12,787,182	11,925,557	11,813,169	11,158,119	10,851,123	10,434,118	9,767,475
Total primary government revenue	32,315,050	30,038,693	31,435,676	36,519,775	32,220,807	33,990,296	31,815,380	25,987,646	25,450,203	24,693,625
Net (Expense)/Revenue										
Governmental activities	(3,318,509)	(6,902,983)	(6,834,928)	(6,255,608)	(7,480,365)	(5,146,735)	(5,120,084)	(21,703,006)	(21,039,929)	(19,942,571)
Business-type activities	(2,828,562)	1,421,115	1,068,592	2,232,694	1,671,723	1,929,208	1,209,424	1,227,952	1,211,320	1,099,913
Total primary government net (expense)/revenue	(6,147,071)	(5,481,868)	(5,766,336)	(4,022,914)	(5,808,642)	(3,217,527)	(3,910,660)	(6,439,531)	(5,881,520)	(4,916,708)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	1,893,214	1,812,958	1,722,896	1,622,486	1,546,575	1,476,148	1,498,519	1,377,337	1,293,676	1,307,715
Combined taxes	2,059,285	1,888,448	1,719,933	1,690,222	1,637,250	1,484,830	1,487,986	1,369,950	1,277,567	1,205,091
Facility Fees - Community Services	-	2,684,931	5,774,067	5,787,078	5,799,206	5,973,914	5,995,248	-	-	-
Facility Fees- Beach	-	3,852,710	966,817	969,332	972,316	775,337	777,574	-	-	-
Investment earnings	(16,517)	73,594	587,208	563,685	175,122	83,842	150,795	124,306	103,106	88,116
Miscellaneous	1,402	127,897	384,429	204,245	190,578	310,425	299,355	120,134	170,981	63,692
Grants and contributions	-	-	-	267	558,128	132,055	586,361	235,674	(407)	1,137,270
Transfers	(192,287)	-	(45,000)	(120,000)	-	-	-	-	-	-
Accounting Adjustments	-	-	-	-	-	-	-	-	(146,589)	-
Total governmental activities other changes	3,745,097	10,440,538	11,110,350	10,717,315	10,879,175	10,236,551	10,795,838	10,024,166	9,503,614	10,539,370
Business-type activities:										
Investment earnings	(139,752)	33,681	298,225	282,484	77,280	60,132	154,162	81,996	61,007	55,666
Facility Fees - Community Services	830,977	-	-	-	-	-	-	6,018,616	6,024,564	5,962,384
Facility Fees- Beach	5,259,704	-	-	-	-	-	-	778,149	780,716	775,102
Gain (loss) on asset disposal	433,274	-	-	-	-	-	-	-	-	-
Capital Grants and contributions	-	-	-	-	199,934	425,509	-	329,705	461,994	2,013,853
Miscellaneous	179,542	-	(22,332)	15,066	50,020	17,730	42,764	(34,499)	(4,712)	17,856
Transfers	192,287	-	45,000	120,000	-	-	-	-	-	-
Accounting Adjustments	-	-	-	-	-	-	-	-	(81,501)	-
Total business-type activities other changes	6,756,032	33,681	320,893	417,550	327,234	503,371	196,926	377,202	436,788	2,087,375
Change in Net Position										
Governmental activities	426,588	3,537,555	4,275,422	4,461,707	3,398,810	5,089,816	5,675,754	2,356,683	2,410,774	4,522,749
Business-type activities	3,927,470	1,454,796	1,389,485	2,650,244	1,998,957	2,432,579	1,406,350	1,605,154	1,648,108	3,187,288
Total primary government	\$ 4,354,058	\$ 4,992,351	\$ 5,664,907	\$ 7,111,951	\$ 5,397,767	\$ 7,522,395	\$ 7,082,104	\$ 3,961,837	\$ 4,058,882	\$ 7,710,037

Source: District Annual Comprehensive Financial Report Government-wide Statement of Activities, restated all years to align with the classifications of governmental activities. 2018 is restated for Prior Period Adjustment.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Fund Balances of Governmental Funds
Last Ten Fiscal Years (unaudited)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Non-spendable	\$ 2,394	\$ 582,459	\$ 159,611	\$ 196,742	\$ 224,707	\$ 213,462	\$ 268,005	\$ 218,623	\$ 237,021	\$ 191,780
Restricted	845,103	1,359,736	1,359,737	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	400,000	400,000	400,000	400,000
Unassigned	4,833,798	3,788,365	3,110,801	3,568,844	3,098,079	1,648,787	1,151,988	882,664	754,000	294,887
Total General Fund	\$ 5,681,295	\$ 5,730,560	\$ 4,630,149	\$ 3,765,586	\$ 3,322,786	\$ 1,862,249	\$ 1,819,993	\$ 1,501,287	\$ 1,391,021	\$ 886,667
Community Services										
Special Revenue Fund										
Non-spendable	\$ -	\$ 617,076	\$ 503,176	\$ 936,311	\$ 868,600	\$ 878,949	\$ 751,640	\$ -	\$ -	\$ -
Restricted	-	141,727	141,135	135,993	78,157	77,136	76,674	-	-	-
Committed	-	15,207,996	14,636,603	-	-	-	-	-	-	-
Assigned - operations	-	-	-	12,261,649	9,053,712	9,364,056	7,026,514	-	-	-
Capital Projects - Committed	-	(105,443)	-	-	2,327,477	2,423,806	2,061,541	-	-	-
Debt Service - Committed	-	29,576	-	-	51,553	27,394	2,111	-	-	-
Total Comm. Services	\$ -	\$ 15,890,932	\$ 15,280,914	\$ 13,333,953	\$ 12,379,499	\$ 12,771,341	\$ 9,918,480	\$ 5,357,755	\$ 6,023,946	\$ 6,067,618
Beach										
Special Revenue Fund										
Non-spendable	\$ -	\$ -	\$ -	\$ 34,532	\$ 47,075	\$ 30,328	\$ 19,614	\$ -	\$ -	\$ -
Restricted	-	1,000	1,000	1,000	1,000	1,000	-	-	-	-
Committed	-	2,379,224	2,590,632	-	-	-	-	-	-	-
Assigned - operations	-	-	-	1,774,846	1,330,016	1,038,909	1,040,136	-	-	-
Capital Projects - Committed	-	1,950,811	-	-	85,740	5,155	20,379	-	-	-
Debt Service - Committed	-	1,450	-	-	4,606	3,104	1,572	-	-	-
Total Beach	\$ -	\$ 4,332,485	\$ 2,591,632	\$ 1,810,378	\$ 1,468,437	\$ 1,078,496	\$ 1,081,701	\$ 1,107,786	\$ 1,672,205	\$ 1,531,639

Board of Trustee action to create the Special Revenue, Capital Project and Debt Service Funds was effective July 1, 2016, and thus start the separate commitments and assignments.

2018 is restated for Prior Period Adjustment.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years ended June 30 (unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Taxes	\$ 3,952,499	\$ 3,701,406	\$ 3,478,074	\$ 3,323,633	\$ 3,174,544	\$ 2,960,847	\$ 2,984,992	\$ 2,747,287	\$ 2,571,243	\$ 2,462,439
Charges for Services	-	17,062,123	17,105,010	19,241,331	15,993,401	17,886,620	16,598,740	-	-	-
Facility Fees	-	6,537,641	6,740,884	6,797,896	6,737,396	6,754,489	6,760,224	-	-	-
Central Services Charges	-	-	-	1,169,400	1,094,000	1,177,200	1,123,000	1,101,000	1,068,996	1,000,200
Operating and Capital Grants	2,000	105,505	1,654,399	17,000	17,000	17,000	19,880	-	-	-
Investment Earnings	(16,517)	73,595	587,208	563,325	161,551	81,366	115,690	43,295	43,959	14,400
Miscellaneous	1,404	128,060	193,552	114,779	111,495	198,729	516,763	2,540	2,990	1,600
Total Revenues	3,939,386	27,608,330	29,759,127	31,227,364	27,289,387	29,076,251	28,119,289	3,894,122	3,687,188	3,478,639
Expenditures										
General Government:										
General Fund - current	3,192,181	2,556,921	2,432,435	3,933,149	3,586,203	3,603,667	3,510,247	3,139,473	3,111,518	3,434,999
Capital Outlay	98,550	365,878	279,424	121,257	113,813	148,435	79,331	644,383	84,849	75,500
Recreation:										
Community Services - current	-	15,289,187	16,546,104	17,288,580	16,137,428	15,919,959	14,853,575	-	-	-
Community Services - Capital Projects	-	2,907,254	5,059,031	6,043,500	3,905,926	3,633,210	2,344,198	-	-	-
Community Services - Debt Service	-	383,172	384,354	381,401	1,285,340	1,284,257	1,283,074	-	-	-
Beach - current	-	1,700,422	1,758,394	1,906,516	1,619,746	1,587,259	1,493,554	-	-	-
Beach - Capital Projects	-	1,245,205	82,009	284,298	221,248	256,161	319,152	-	-	-
Beach - Debt Service	-	6,270	6,289	6,241	6,237	6,215	6,189	-	-	-
Total Expenditures	3,290,731	24,454,309	26,548,040	29,964,942	26,875,941	26,439,163	23,889,320	3,783,856	3,196,367	3,510,499
Other Financing Sources (Uses)										
Transfers In	-	537,835	-	474,356	800,000	-	-	-	-	-
Transfer (Out)	(192,287)	(537,835)	(45,000)	(120,000)	-	-	-	-	-	-
Sale of assets	-	53,750	44,639	40,159	88,415	141,216	37,016	-	13,536	-
Insurance Proceeds	-	-	243,548	50,300	-	-	-	-	-	-
Capital Grants	-	-	-	31,958	156,775	113,615	586,361	-	-	-
Washoe Co Tax Refund	-	-	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	(192,287)	53,750	243,187	476,773	1,045,190	254,831	623,377	-	13,536	-
Net Changes in Fund Balance	\$ 456,368	\$ 3,207,771	\$ 3,454,274	\$ 1,739,195	\$ 1,458,636	\$ 2,891,919	\$ 4,853,346	\$ 110,266	\$ 504,357	\$ (31,860)

2018 is restated for Prior Period Adjustment.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Assessed and Estimated Actual Value of Taxable Real Property
Last Ten Fiscal Years (unaudited)**

Fiscal Year Ended	Taxable Real Property Assessed Value	Direct Tax Rate	Estimated Actual Value	Ratio Of Total Assessed Value To Total Estimated Actual Value
2022	\$ 1,902,632,649	0.1328	\$ 5,436,093,283	35%
2021	1,817,882,343	0.1311	5,193,949,551	35%
2020	1,717,224,973	0.1267	4,906,357,066	35%
2019	1,666,387,475	0.1224	4,761,107,071	35%
2018	1,623,315,601	0.1182	4,638,044,574	35%
2017	1,532,912,733	0.1183	4,379,750,666	35%
2016	1,484,624,556	0.1269	4,241,784,446	35%
2015	1,456,574,018	0.1157	4,161,640,051	35%
2014	1,392,531,036	0.1105	3,978,660,103	35%
2013	1,374,297,099	0.1153	3,926,563,140	35%

SOURCE: State of Nevada Department of Taxation

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INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Direct and Overlapping Tax Districts

Last Ten Fiscal Years Ended June 30 (unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Incline Village GID-Direct	\$ 0.1328	\$ 0.1311	\$ 0.1267	\$ 0.1224	\$ 0.1182	\$ 0.1183	\$ 0.1269	\$ 0.1157	\$ 0.1105	\$ 0.1153
Overlapping-										
Washoe County	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
North Lake Tahoe Fire District	0.6480	0.6480	0.6291	0.6291	0.6291	0.6291	0.6291	0.6291	0.6291	0.6414
State of Nevada	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
Total Rate Per \$100 assessed valuation	\$ 3.4810	\$ 3.4793	\$ 3.4560	\$ 3.4517	\$ 3.4475	\$ 3.4476	\$ 3.4562	\$ 3.4450	\$ 3.4398	\$ 3.4569

SOURCE: Nevada Dept. of Taxation - Total Property Tax Rates by Taxing Unit

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago (unaudited)**

Taxpayer	Type of Entity	Number of Parcels	2022 Assessed Value	% of Total Assessed Value	2013 Assessed Value	% of Total Assessed Value	Rank
Top Ten (Current Year):							
Incline Hotel LLC	Hotel/Casino	2	\$ 34,461,553	1.90%	\$ 23,094,779	1.66%	1
Cascade Beach LLC	Residential Property	2	14,739,005	0.81%			
Tahoe Estates LLC	Residential Property	2	14,586,120	0.80%	9,603,818	0.69%	4
Nevada Pacific Development Corp	Residential Property	48	12,045,982	0.66%	21,171,008	1.52%	2
1145 Lakeshore Boulevard	Residential Property	1	11,861,946	0.65%	7,935,864	0.57%	6
Ponderosa Ranch LLC	Residential Property	21	10,297,224	0.57%	10,772,927	0.77%	3
Lakeshore Trust	Residential Property	1	9,970,356	0.55%	7,785,886	0.56%	8
SF Pacific LLC	Residential Property	1	9,481,774	0.52%	7,815,348	0.56%	7
HTS Ground Lake Tahoe INC	Residential Property	60	8,118,269	0.45%			
KWS Nevada Residential LLC	Residential Property	3	7,712,579	0.42%	5,606,859	0.40%	10
In Prior Top Ten:							
Duffield Trust, David A	Residential Property	11			8,073,548	0.58%	5
O'Neal Family Trust	Residential Property	1			5,785,628	0.42%	9
			<u>\$ 133,274,808</u>	<u>7.33%</u>	<u>\$ 107,645,665</u>	<u>7.73%</u>	
Total IVGID Community			<u>\$ 1,817,882,343</u>	<u>100.00%</u>	<u>\$ 1,392,531,036</u>	<u>100.00%</u>	

SOURCE: Washoe County Assessors Office

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Tax Levies, Collections and Delinquencies - Washoe County as a Whole (In Thousands)
Last Ten Fiscal Years (unaudited)**

Fiscal Year Ending June 30,	Net Levy Roll	Current Tax Collected	Percent of Levy Collected	Delinquent Tax Collected	Total Cumulative Taxes Collected	Total Taxes Collected as a % of Net Levy Roll
2022	\$ 608,399	\$ 606,530	99.69%	\$ 1,870	\$ 606,530	99.69%
2021	572,652	570,187	99.57%	3,057	567,124	99.03%
2020	535,123	532,811	99.57%	2,312	535,123	100.00%
2019	500,623	498,311	99.55%	1,817	500,128	99.90%
2018	473,365	471,229	99.55%	1,745	472,974	99.92%
2017	452,327	449,930	99.47%	2,295	452,225	99.98%
2016	440,185	438,074	99.52%	2,093	440,167	100.00%
2015	424,115	421,125	99.30%	2,983	424,108	100.00%
2014	411,260	407,469	99.08%	3,787	411,256	100.00%
2013	411,058	405,977	98.76%	5,075	411,052	100.00%

SOURCE: Washoe County Comptroller's Office

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Ratios of Outstanding Debt by Type Last Ten Fiscal Years (unaudited)

Fiscal Year Ended	<u>Governmental-Type Activities:</u>			<u>Business-Type Activities:</u>			Gross Bonded Debt	Percentage Payable by	Percentage Payable by	Population	Debt Per Capita
	G. O. & Revenue Pledged	General Obligation Only	Total	Revenue Pledged	General Obligation	Total		Property Taxes	Pledged Revenues		
2022	\$ 391,000	\$ -	\$ 391,000	\$ 499,949	\$ 2,492,442	\$ 2,992,391	\$ 3,383,391	0%	100%	9462	\$ 358
2021	769,000	-	769,000	721,499	2,824,734	3,546,233	4,315,233	0%	100%	9462	456
2020	1,137,000	-	1,137,000	936,301	3,148,637	4,084,938	5,221,938	0%	100%	9087	575
2019	1,498,000	-	1,498,000	1,144,565	3,464,361	4,608,926	6,106,926	0%	100%	9087	672
2018	1,848,000	-	1,848,000	1,346,488	3,772,116	5,118,604	6,966,604	0%	100%	9087	767
2017	2,190,000	845,000	3,035,000	1,542,263	4,072,102	5,614,365	8,649,365	0%	100%	9087	952
2016	2,523,000	1,635,000	4,158,000	1,732,078	4,364,517	6,096,595	10,254,595	0%	100%	9087	1,128
2015	2,847,000	2,395,000	5,242,000	1,916,115	4,649,552	6,565,667	11,807,667	0%	100%	9087	1,299
2014	3,901,000	3,125,000	7,026,000	2,094,548	4,927,395	7,021,943	14,047,943	0%	100%	9087	1,546
2013	4,925,000	3,825,000	8,750,000	2,267,548	5,198,228	7,465,776	16,215,776	0%	100%	9087	1,785

SOURCE: Incline Village General Improvement District Annual Indebtedness/Debt Management Reports/Restated for change in classification of the Community Services and Beach activities from Business-type to Governmental Type as of July 1, 2015.

Note: All outstanding bonds carry a revenue pledge, some also carry a secondary General Obligation pledge.
However, no tax levy is made to fund debt service because net revenues are sufficient to meet these obligations.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Outstanding Overlapping General Obligation Indebtedness Last ten fiscal years (unaudited)

	General Obligation Indebtedness	Presently Self-Supported General Obligation Indebtedness	Percent Applicable * Incline Village	As of June 30, 2022 Applicable Net Debt
Washoe County	\$ 108,860,000	\$ 32,568,000	9.397%	\$ 76,292,000
Washoe County School District	1,121,165,000	-	9.397%	1,121,165,000
State of Nevada	1,258,860,000	267,040,000	1.301%	139,747,000
Total	2,488,885,000	299,608,000		1,337,204,000
Incline Village GID	3,383,113	3,383,113		-
Total	\$ 2,492,268,113	\$ 302,991,113		\$ 1,337,204,000
Applicable Net Debt June 30:				
2022				\$ 1,337,204,000
2021				125,420,208
2020				123,510,730
2019				95,146,841
2018				99,064,878
2017				77,387,251
2016				73,677,678
2015				79,052,199
2014				92,762,454
2013				96,542,090

*Percentage Applicable based on Assessed Valuation as reported by the Nevada Department of Taxation

SOURCE: Washoe County Comptrollers Office and Nevada Department of Taxation

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Incline Village General Improvement District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Utility Fund Net Pledged Revenues Last Ten Fiscal Years (unaudited)

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Other Revenues (Expenses)	Net Available Revenue	Debt Service	Debt Service Coverage
2022	\$ 13,030,110	\$ 9,964,442	\$ (129,253)	\$ 2,936,415	\$ 643,134	4.57
2021	12,870,917	7,934,928	(119,698)	4,816,291	643,132	7.49
2020	12,564,466	8,016,675	275,893	4,823,684	643,135	7.50
2019	12,785,742	7,274,328	297,550	5,808,964	643,134	9.03
2018	11,925,557	7,139,740	127,300	4,913,117	643,135	7.64
2017	11,813,170	6,783,853	78,554	5,107,871	643,133	7.94
2016	11,158,119	6,804,140	149,326	4,503,305	636,808	7.07
2015	10,851,123	6,549,802	20,591	4,321,912	636,781	6.79
2014	10,434,118	6,270,919	56,295	4,219,494	636,956	6.62
2013	9,767,475	5,867,114	73,522	3,973,883	965,108	4.12

Notes- Details regarding the District's outstanding debt can be found in the notes to the financial statements. Expenses do not include interest, depreciation or amortization.

Debt service represents all outstanding debt of the Utility departments.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Community Services and Beach Fund Net Pledged Revenues Last Ten Fiscal Years (unaudited)

Fiscal Year	Operating Revenues	Less: Operating Expenses	Other Revenues (Expenses)	Net Available Revenue	Debt Service	Debt Service Coverage
2022	\$ 19,588,062	\$ 17,956,523	\$ 575,857	\$ 2,207,396	\$ 391,050	5.64
2021	19,618,840	16,989,636	(537,835)	2,091,369	391,050	5.35
2020	24,245,304	18,304,498	288,187	6,228,993	390,643	15.95
2019	26,024,657	19,195,096	112,777	6,942,338	387,642	17.91
2018	22,730,797	17,757,174	71,591	5,045,214	1,291,577	3.91
2017	24,617,436	17,507,218	29,686	7,139,904	1,290,472	5.53
2016	20,666,327	16,347,129	69,701	4,388,899	1,289,263	3.40
2015	18,272,166	14,392,676	173,933	4,053,423	2,028,342	2.00
2014	18,472,073	14,002,615	196,763	4,666,221	2,025,584	2.30
2013	18,618,024	13,485,112	90,791	5,223,703	2,353,561	2.22

Debt service represents all outstanding debt of the Community Service and Beach Funds, because proceeds from some issues were used by both funds.

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INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Ratio of Annual Debt Service Expenditures
To Governmental and Business Type Expenditures/Expenses
For the last 10 Years (unaudited)**

Year	Governmental Type Debt Service Expenditures	Business Type Debt Service Expenditures	Total District Debt Service Expenditures	Total Governmental Type Expenditures	Total Business Type Expenses	Ratio Debt Service to Governmental Type Expenditures	Ratio Debt Service to Business Type Expenses
2022	\$ -	\$ 1,034,184	1,034,184	\$ 3,192,181	\$ 27,920,965	0.00%	3.70%
2021	391,050	643,132	1,034,182	24,054,816	11,387,762	1.63%	5.65%
2020	390,643	643,135	1,033,778	25,706,138	11,495,874	1.52%	5.59%
2019	387,642	643,134	1,030,776	28,795,542	10,554,488	1.35%	6.09%
2018	1,291,577	643,135	1,934,712	25,781,941	10,113,371	5.01%	6.36%
2017	1,290,472	643,135	1,933,607	25,261,963	9,729,775	5.11%	6.61%
2016	1,289,263	636,808	1,926,071	24,654,345	9,901,095	5.23%	6.43%
2015	2,028,342	636,781	2,665,123	23,737,353	9,442,666	8.54%	6.74%
2014	2,025,584	636,956	2,662,540	21,583,120	9,029,675	9.39%	7.05%
2013	2,353,561	965,108	3,318,669	21,455,696	8,480,954	10.97%	11.38%

SOURCE: Incline Village General Improvement District Comprehensive Annual Financial Reports

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Statutory Debt Limitation Last Ten Fiscal Years (unaudited)

Fiscal Year Ending June 30,	Assessed Valuation	Debt Limit	Outstanding and Proposed General Obligation Debt	Additional Statutory Debt Capacity
2022	\$ 1,902,632,649	\$ 951,316,325	\$ 3,383,391	947,932,934
2021	1,817,882,343	908,941,172	4,315,233	904,625,939
2020	1,717,224,973	858,612,000	5,221,938	853,390,062
2019	1,666,387,475	833,193,738	6,106,926	827,086,812
2018	1,623,315,601	811,657,801	6,966,604	804,691,197
2017	1,532,912,733	766,456,367	8,649,365	757,807,002
2016	1,484,624,556	742,312,278	10,254,595	732,057,683
2015	1,456,574,018	728,287,009	11,807,667	716,479,342
2014	1,392,531,036	696,265,518	14,047,943	682,217,575
2013	1,374,297,099	687,148,550	16,215,766	670,932,784

SOURCE: State of Nevada Department of Taxation

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INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Demographic Statistics

<u>Year</u>	<u>Population</u>	<u>Median Age</u>	<u>County Personal Income</u>	<u>Housing Units</u>	<u>Occupied Housing Units</u>	<u>Housing Seasonal Use</u>	<u>Reno-Sparks Unemployment Rate ²</u>
2022	9462						3.3%
2021	9462						4.9%
2020	9087						8.7%
2019	9087						4.0%
2018	9087						3.5%
2017	9087						4.0%
2016	9087						5.9%
2015	9087						6.4%
2014	9087						7.3%
2013	9087						9.8%

1 Based on actual Census Data

2 Best available unemployment data, a rate is not determined for our immediate area.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Principal Employers - Incline Village and Crystal Bay
 Current Fiscal Year and Nine Years Ago (unaudited)

Employer	2022	2013
HYATT LAKE TAHOE RESORT	1	1
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT	2	2
TAHOE BILTMORE	3	8
RALEY'S	4	9
UNIVERSITY OF NEVADA, RENO AT LAKE TAHOE	5	3
GRAND LODGE CASINO AT HYATT (and predecessors)	6	5
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	7	
TAHOE FOREST HOSPITAL HEALTH	8	10
WASHOE COUNTY SCHOOL DISTRICT	9	
ASSOCIATED SIERRA NORTH	10	
BOC-NEVADA, INC		4
CRYSTAL BAY CLUB CASINO		6
EXCEL TOTAL SERVICES, INC		7

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SOURCE: Nevada Department of Employment, Training and Rehabilitation (DETR)
 DETR indicates the methodology for determining rankings has changed year on year.
 Data for all years is not available.
 Data for percentage to total employment is not available.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Position and Full Time Equivalent Personnel Summary Community Services and All Other Activities For the last Ten Years (unaudited)

	Budget year ending June 30	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Golf	Seasonal/Part Time Positions	110.3	114.0	123.0	122.8	113.8	117.9	105.2	107.2	97.5	103.5
	Season/Part Time FTE	34.8	40.8	40.6	41.2	38.4	38.4	35.0	37.0	35.3	36.8
	Full Time FTE	8.0	8.0	7.0	11.4	11.6	11.0	7.9	7.2	6.7	6.8
	Total FTE	42.8	48.8	47.6	52.6	50.0	49.4	42.9	44.2	42.0	43.6
Facilities	Seasonal/Part Time Positions	0.0	0.0	0.3	0.3	0.3	0.3	1.7	1.7	16.5	2
	Season/Part Time FTE	0.0	0.0	0.5	0.2	0.1	0.1	1.2	1.2	3.6	1.0
	Full Time FTE	4.0	1.4	2.0	1.2	1.3	1.2	1.1	1.1	3.4	2.0
	Total FTE	4.0	1.4	2.5	1.4	1.4	1.3	2.3	2.3	7.0	3.0
Ski	Seasonal/Part Time Positions	295.3	282.0	282.0	285.7	281.5	273.5	254.0	254.0	247.0	193.0
	Season/Part Time FTE	68.2	62.5	73.4	57.7	54.4	50.6	46.7	46.0	49.6	33.6
	Full Time FTE	14.0	11.9	13.0	16.7	16.4	15.2	14.5	14.4	11.7	9.8
	Total FTE	82.2	74.5	86.4	74.4	70.8	65.8	61.2	60.4	61.3	43.4
Parks & Recreation	Seasonal/Part Time Positions	93.8	91.2	91.5	91.5	91.5	91.0	102.3	103.4	94.3	101.8
	Season/Part Time FTE	20.3	20.8	21.5	23.9	24.9	24.8	25.0	25.5	25.9	27.7
	Full Time FTE	13.0	9.6	13.1	11.0	10.1	10.1	10.1	9.8	9.0	11.8
	Total FTE	33.3	30.5	34.6	34.9	36.0	35.9	35.1	35.3	34.9	39.5
Marketing	Seasonal/Part Time Positions	0.0	0.0	1.0	1.0	2.0	2.0	2.0	2.0	0.0	2.0
	Season/Part Time FTE	0.0	0.0	0.3	0.1	0.3	0.3	0.3	0.3	0.0	0.7
	Full Time FTE	2.5	2.8	3.0	3.1	2.8	2.8	2.9	2.9	3.0	2.0
	Total FTE	2.5	2.8	3.3	3.2	3.1	3.1	3.2	3.2	3.0	2.7
Food & Beverage	Seasonal/Part Time Positions	After 2013 Included in Ski & Golf									57.0
	Season/Part Time FTE	After 2013 Included in Ski & Golf									14.4
	Full Time FTE	After 2013 Included in Ski & Golf									4.0
	Total FTE	After 2013 Included in Ski & Golf									18.4
Other Recreation	Seasonal/Part Time Positions	4.8	4.8	4.8	4.8	4.8	4.8	4.8	2.8	0.8	3.1
	Season/Part Time FTE	1.9	1.4	1.1	1.8	1.8	1.8	1.8	1.4	0.1	1.1
	Full Time FTE	1.9	1.9	1.4	1.4	1.4	0.9	1.0	1.6	1.6	1.8
	Total FTE	3.8	3.3	2.5	3.2	3.2	2.7	2.8	3.0	1.7	2.9
Total Community Service	Seasonal/Part Time Positions	504.2	492.0	502.6	514.3	502.0	497.5	467.9	469.0	456.1	462.4
	Season/Part Time FTE	125.2	125.5	137.4	126.2	121.6	117.7	109.6	111.1	114.5	115.3
	Full Time FTE	43.4	35.7	39.5	41.7	40.9	38.5	34.7	34.1	35.4	38.2
	Total FTE	168.6	161.2	176.9	167.9	162.5	156.2	144.3	145.2	149.9	153.5
Beach	Seasonal/Part Time Positions	93.0	93.0	93.0	109.5	97.4	99.0	96.9	94.0	89.0	88.1
	Season/Part Time FTE	16.5	16.5	20.7	21.2	18.7	18.4	18.0	17.3	14.3	13.2
	Full Time FTE	4.6	4.6	1.5	4.6	3.9	3.9	4.0	3.0	2.8	2.1
	Total FTE	21.1	21.1	22.2	25.8	22.6	22.3	22.0	20.3	17.1	15.3
Administration	Seasonal/Part Time Positions	1.0	2.0	4.0	4.0	4.0	0.0	1.0	1.0	2.0	2
	Season/Part Time FTE	0.1	0.6	0.8	1.1	1.5	0.0	0.5	0.4	0.4	0.3
	Full Time FTE	27.8	22.3	23.0	22.2	21.8	22.8	22.7	20.7	22.6	20.7
	Total FTE	27.9	22.9	23.8	23.3	23.3	22.8	23.2	21.1	23.0	21.0
Engineering	Seasonal/Part Time Positions	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Season/Part Time FTE	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
	Full Time FTE	4.4	4.9	4.8	4.8	3.8	3.8	3.8	2.8	2.8	2.8
	Total FTE	4.4	4.9	5.1	5.1	4.1	4.1	4.1	3.1	3.1	3.1
Fleet	Seasonal/Part Time Positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Season/Part Time FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Full Time FTE	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0
	Total FTE	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0
Buildings	Seasonal/Part Time Positions	0.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Season/Part Time FTE	0.0	0.9	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
	Full Time FTE	4.0	5.0	6.0	6.0	5.0	5.0	5.0	5.0	4.0	4.0
	Total FTE	4.0	5.9	6.5	6.5	5.5	5.5	5.5	5.5	4.5	4.5
Utilities	Seasonal/Part Time Positions	3.0	4.0	4.0	4.0	5.0	5.0	5.0	3.0	3.0	2.0
	Season/Part Time FTE	1.7	1.3	3.1	2.4	3.4	3.4	3.3	1.2	1.0	0.7
	Full Time FTE	38.5	34.1	31.1	32.2	31.2	31.2	31.2	31.2	31.2	30.2
	Total FTE	40.2	35.4	34.2	34.6	34.6	34.6	34.5	32.4	32.2	30.9
District Wide	Seasonal/Part Time Positions	601.2	593.0	605.6	633.8	610.4	603.5	572.8	569.0	552.1	556.5
	Season/Part Time FTE	143.5	144.8	162.8	151.7	146.0	140.3	132.2	130.8	131.0	130.3
	Full Time FTE	129.7	113.6	112.9	118.6	113.6	112.2	108.4	102.8	104.8	104.0
	Total FTE	273.2	258.4	275.7	270.3	259.6	252.5	240.6	233.6	235.8	234.3

Source: Incline Village General Improvement District Operating Budget for Authorized Positions.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

User Statistics, Last Ten Fiscal Years

Total number of users (unaudited)

Program	Unit Measured	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Water	Locations	4,277	4,275	4,272	4,269	4,270	4,251	4,243	4,234	4,229	4,223
Sewer	Locations	4,187	4,185	4,182	4,180	4,178	4,160	4,152	4,144	4,139	4,124
Refuse	Locations	4,432	4,410	4,384	4,345	4,345	4,338	4,177	4,162	4,138	4,151
Championship Course	Rounds played	21,654	20,796	23,446	21,650	23,139	21,353	22,881	23,142	23,784	23,744
Mountain Course	Rounds played	15,808	13,658	15,912	16,062	17,111	15,209	15,687	14,983	14,570	13,129
Beach	Individual visits	167,690	212,458	191,073	192,321	189,291	186,146	171,772	172,628	173,963	165,089
Tennis	Individual visits	11,756	9,167	11,837	13,082	13,630	14,683	14,823	14,129	13,337	13,009
Skier	Individual visits	89,755	126,621	99,424	130,922	120,847	160,613	167,064	84,568	93,935	103,397
Recreation Center	Individual visits	184,231	133,554	94,499	129,831	123,561	121,598	115,662	126,799	130,887	125,294

SOURCE: Incline Village General Improvement District

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Budgeted Facility Fees per parcel, Last Ten Fiscal Years (unaudited)

Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Ski	\$ -	\$ (200)	\$ (41)	\$ 29	\$ (83)	\$ (36)	\$ 13	\$ (27)	\$ (20)	\$ (88)
Tennis	-	14	24	20	20	18	16	9	21	6
Parks	-	89	124	118	117	117	97	108	86	102
Recreation Center	100	342	285	262	268	269	197	241	204	241
Championship Golf	-	4	119	98	97	83	126	81	75	87
Mountain Golf	-	27	84	63	62	54	69	31	29	40
Beaches	680	500	125	125	125	100	100	100	100	100
Youth	-	26	25	25	26	26	24	21	20	15
Seniors	-	23	21	21	20	20	19	12	19	16
Adult Programs	-	-	-	-	-	-	-	1	1	2
Catering	-	-	-	-	-	-	-	-	(13)	-8
Facilities	-	5	64	57	56	57	47	46	52	35
Reserves for Recreation	-	-	-	-	-	-	-	-	49	75
Golf/Tennis/Ski Bonds	-	-	-	-	-	-	-	85	85	85
Ski Lodge Bond	-	-	-	-	110	110	110	110	110	110
Defensible Space	-	-	-	12	12	12	12	12	12	12
Coverage sales	-	-	-	-	-	-	-	-	-	-
Other/Unclassified	-	-	-	-	-	-	-	-	-	-
Total	\$ 780	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830
Total Collected (in 1,000's)	\$ 6,569	\$ 6,569	\$ 6,741	\$ 6,758	\$ 6,746	\$ 6,747	\$ 6,746	\$ 6,746	\$ 6,742	\$ 6,737

Bracketed amounts represent a venue that does not collect, but rather puts back an amount per parcel into the total for other venues to use the proceeds for operations.

The Facility Fee can be a resource for operating expenses, debt service or capital purchases. It is set annually by the Board of Trustees.

SOURCE: Incline Village General Improvement District

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Water and Sewer Single Family Base Rates Last Ten Fiscal Years (unaudited)

Fiscal Year 6/30	Water Monthly Base Rate	Consumption Rate Per 1,000 gallons	Sewer Monthly Base Rate	Consumption Rate Per 1,000 gallons
2022	\$ 35.48	\$ 1.95	\$ 60.78	\$ 4.00
2021	32.09	1.55	54.96	3.20
2020	33.45	1.00	59.00	3.35
2019	32.09	0.93	54.96	3.20
2018	30.84	0.93	52.76	3.10
2017	29.82	0.95	51.45	3.00
2016	28.86	0.97	49.83	2.90
2015	28.10	1.35	47.95	2.79
2014	27.03	1.32	41.85	2.68
2013	27.62	1.28	39.31	2.60

The District charges are based on pay for what you use.
 Rate changes are considered for implementation May each year.
 In 2013 the changes were not effective until July 19, 2013.

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INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Water Sold by Customer Type
Last Ten Fiscal Years (unaudited)
(in millions of gallons)

Fiscal Year	Residential	Commercial	Total
2022	647	251	898
2021	711	291	1,002
2020	627	259	886
2019	606	259	865
2018	633	282	915
2017	604	256	860
2016	594	255	849
2015	634	258	892
2014	673	292	965
2013	701	300	1,001

Source: IVGID Utilities Billing Department

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INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

COMPLIANCE SECTION

DRAFT



**GENERAL IMPROVEMENT DISTRICT
ONE DISTRICT ~ ONE TEAM**

893 Southwood Blvd., Incline Village, NV 89451

(775) 832-1100

www.YourTahoePlace.com

CLIENT LETTERHEAD

December 5, 2022

Davis Farr
18201 Von Karman Avenue, Suite 1100
Irvine, CA 92612

This representation letter is provided in connection with your audit of the financial statements of Incline Village General Improvement District (the "District"), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the period then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 5, 2022 the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 5, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues,

expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.
- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance

with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who

possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

- 28) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 31) All funds that meet the quantitative criteria in GASB Statement Numbers 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 32) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 33) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 34) Provisions for uncollectible receivables have been properly identified and recorded.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 40) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 41) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

- 42) Tax abatement agreements have been properly disclosed in the notes to the financial statements.
- 43) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 44) With respect to the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for Utilities Fund, Community Services Fund, Beach Fund, and Internal Services Fund, which comprise the Supplementary Information:
- a) We acknowledge our responsibility for presenting supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for Utilities Fund, Community Services Fund, Beach Fund, and Internal Services Fund, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for Utilities Fund, Community Services Fund, Beach Fund, and Internal Services Fund have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for Utilities Fund, Community Services Fund, Beach Fund, and Internal Services Fund is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor’s report thereon.

Signature: _____

Signature: _____

Title: _____

Title: _____

MEMORANDUM

TO: Audit Committee

FROM: Paul Navazio
Director of Finance

SUBJECT: Independent Auditor's Report: Agreed-Upon Procedures Related to Purchasing/Contracts

STRATEGIC

PLAN REFERENCE(S): Long Range Principle #2 - Finance

DATE: December 5, 2022

I. RECOMMENDATION

It is recommended that the Audit Committee receive a report (Attachment 1) from the District's Independent Auditor, Davis Farr, LLP, on Agreed-Upon Procedures related to purchasing and contracts.

II. BACKGROUND

In their Annual Report to the Board of Trustees, dated March 9, 2022, the Audit Committee recommended that the annual financial audit for the fiscal year ended June 30, 2022 be augmented through supplemental engagements focusing on a review of the District's internal controls. Following authorization by the Board of Trustees, the Audit Committee executed two supplemental engagement letters with the independent auditor to perform additional "agreed-upon" procedures to review the following areas:

- 1) Capitalization of Assets
- 2) Purchasing/Contracts

This agenda item serves to transmit to the Audit Committee a report, Attachment 1, prepared by the District's Independent Auditor (Davis Farr, LLP) in response to a supplemental engagement to review compliance with policies, practices and procedures related to purchasing and contracts. (A separate agenda item provides for an oral report on the status of the supplemental engagement related to capitalization of assets).

Following is a summary of the scope of the work outlined in the Engagement Letter (Attachment 3):

Purchasing/Contracts

- Review of applicable Board Policies, Practices and internal accounting procedures
- Review of transactions for 25 vendors (top 5 in dollar of transactions; 20 randomly selected)
- For each vendor, review of procurement process, contract authority, change order authority, deliverables and payments
- Report and recommendations to be provided to the Audit Committee and management

The report (Attachment 1) prepared by Davis Farr, LLP summarizes the work performed, highlights findings of their review and provides several recommendations to improve internal controls in the areas of purchasing and contracts. Attachment 2 to this agenda item are management's responses to the recommendations provided in the report from the independent auditor.

Attachments:

1. Report prepared by Davis Farr, LLP – Agreed-Upon Procedures Related to Purchasing and Contracts
2. Management Response to Auditor's Recommendations
3. Engagement Letter - Agreed-Upon Procedures Related to Purchasing and Contracts

ATTACHMENT 1

INDEPENDENT ACCOUNTANT’S REPORT

Audit Committee
Incline Village General Improvement District
893 Southwood Boulevard
Incline Village, NV 89451

We have performed the procedures enumerated below, in reviewing Incline Village General Improvement District’s (“District”) vendor contracts for the fiscal year ended June 30, 2022. District is responsible for compliance with policies, practices, and procedures related to purchasing and contracts (“Policies”).

The Audit Committee has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance with the Policies for the fiscal year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed, and the results of those procedures are as follows:

1. We obtained an understanding of the District’s policies, practices and procedures related to Purchasing and Contracts during the fiscal year ended June 30, 2022 including *Board Policy 3.1.0*, *Board Practice 13.2.0*, internal *Policies and Procedures Manual for Accounting & Financial Control*, and *Nevada Revised Statutes (“NRS”)*.

Results: We reviewed the aforementioned policies, practices, procedures, and statutes and summarized the key terms as follows:

Policy Name	Policy Requirement
Board Policy 3.1.0	Board approval required on contracts over \$50,000
Board Policy 3.1.0	General Manager approval on contracts less than \$50,000
Board Practice 13.2.0	Board approval required on change orders exceeding 10% of contract or \$50,000
Board Practice 13.2.0	General Manager approval on change orders less than 10% of contract or \$50,000
Board Practice 13.2.0	Project Manager approval of capital project contract and change orders
Policies and Procedures	Contracts \$10,000 and above require competitive bidding
Policies and Procedures	Purchases over \$500 require a purchase order, with a few exceptions
Policies and Procedures	Checks over \$2,500 must be listed and presented to the Board before they are released, with a few exceptions
NRS 332.063	Contracts between \$50,000-\$100,000 require quotes from two or more vendors
NRS 332.065	Contracts over \$100,000 require competitive bidding, with exceptions
NRS 338.13862	Public works contracts between \$25,000-\$100,000 require quotes from three contractors
NRS 338.1385	Public works contracts over \$100,000 require competitive bidding

Recommendation: We recommend the District consolidate current policies and practices into a comprehensive document that also incorporates NRS guidelines. The policy should clarify when bidding is required and include specific guidelines for service contracts.

2. We obtained cash disbursement and wire transfer detail of all costs paid from July 1, 2021 through May 31, 2022. We summarized transactions by vendor and provided statistical information about the population of vendor transactions below. We excluded vendors paid less than \$5,000 from our testing population. We excluded vendors not subject to the District’s purchasing policies (e.g., utility providers, employee benefit providers, insurance providers) from our testing population (see below for exclusions).

Results: For the period July 1, 2021 through May 31, 2022, 3,682 checks were paid to 773 vendors totaling \$16,329,661 and 28 wires were paid to 8 vendors totaling \$2,042,953. Based on the name of the vendor, we removed the following vendors that did not appear to be subject to the District’s purchasing policies:

Vendor Name	Reason for Exclusion	Amount
Saint Mary’s Health First	Employee benefits	\$1,485,417
NV Energy	Utilities	\$1,118,026
Waste Management of Nevada	Utilities	\$209,281
North Lake Tahoe Fire Protection District	Government	\$178,063
AT&T	Utilities	\$178,996
Southwest Gas	Utilities	\$140,546
Waste Management of Nevada	Utilities	\$134,138
USDA Forest Service	Government	\$120,135
Washoe County Community Services Dept	Government	\$110,995
AT&T Mobility	Utilities	\$60,489
Life Insurance Company of North	Employee benefits	\$47,042
TRPA	Government	\$27,290
Nevada Division of State Lands	Government	\$9,196
Petty Cash		\$9,030
State of Nevada – Dept of Public Safety	Government	\$7,205
Total		\$3,835,849

We also removed the following vendors that were originally selected for testing but upon investigation did not appear to be subject to the District’s purchasing policies:

Vendor Name	Reason for Exclusion	Amount
Compass Bank	Debt service payment on bonds	\$386,651
Credit Account	Transfer between bank accounts	\$20,000
Employee Reimbursement	Reimbursement for medical benefits	\$18,231
Totals		\$324,882

After removing vendors paid less than \$5,000 and excluded vendors listed above, there were 256 remaining vendors with payments totaling \$14,111,883.

3. We selected a sample of 25 vendors for additional testing. We excluded vendors identified in procedure 2. We selected the top 5 vendors in terms of total amount paid during the period and 20 vendors selected judgmentally from the list of vendors paid during the year. We obtained purchasing documentation, contracts, change orders, and a sample of payments for each of the 25 vendors selected.

Results: The top five vendors in terms of amount paid were as follows:

Vendor Name	Number of Transactions	Total Paid
Core Construction Serv	14	\$3,750,057
Kassbohrer All Terrain Vehicles	29	\$455,972
F.W. Carson Co.	5	\$421,125
US Foodservice, Inc.	63	\$378,805
Jacobs Engineering Group	14	\$370,182

For the remaining 20 vendors, we selected 8 (out of 242) with total payments less than \$50,000, 8 (out of 28) with payments between \$50,000 and \$100,000, and 4 (out of 18) with payments over \$100,000. In total, 25 vendors were selected with payments totaling \$6,923,198.

4. We tested the 25 vendors for the following attributes:
 - a. Competitive bidding was obtained, as required by the policy
 - b. Contract was approved in accordance with the policy
 - c. The Board approved the contract in accordance with the policy
 - d. Total payments made under the contract did not exceed the contract amount (this attribute included reviewing payments since the inception of the contract through May 31, 2022).
 - e. Change order, if applicable, was approved in accordance with the policy
 - f. Change order, if applicable, was approved prior to the date when the authorized contract amount including Board approved contingencies was exceeded

Results: We were unable to satisfy the attributes tested for the following vendors either because application of the policies was unclear, documentation of compliance was not provided, or noncompliance with the policies was noted.

Vendor Name	Issue Identified
Clean Earth Environmental (service) G3 Engineering (construction service) Marcus G Faust (service) Thomas Petroleum (fuel) Jacobs Engineering Group (construction service)	The Policies and Procedures Manual for Accounting and Financial Control indicate that competitive bidding is required for contracts over \$10,000. These vendors had invoices over \$10,000. However, no documentation of competitive bidding was provided to us. The District's policies state bidding is exempt for sole source, professional services, repairs and maintenance, perishable goods, insurance, hardware, software, contracts with the General Services Administration, and items for resale. The Board Policies and Practices are silent in regard to exemptions and do not contain requirements for bidding.

Vendor Name	Issue Identified
Clean Earth Environmental (service) Thomas Petroleum (fuel) US Foodservice (food)	We were not provided with a purchase order or contract for these vendors. It is unclear if a purchase order or contract is not required.
Marcus G Faust (service) <i>Total costs of \$205,833</i> <i>Board approved contract of \$195,000</i>	The purchase order was higher than the Board approved contract amount due to change orders. However, we were not provided with the change order.
G3 Engineering (construction service) <i>Total costs of \$59,081</i> <i>Purchase orders totaled \$55,845</i> TechoAlpin USA (construction service) <i>Total costs of \$157,912</i> <i>Purchase orders totaled \$154,159</i>	Payments to vendor exceeded the purchase order or contract amount. Per discussion with District, invoices under \$5,000 do not require purchase orders. It is unclear in the District's policies whether purchase orders are based on individual transactions or cumulative amounts paid to a vendor.
Clean Earth Environmental (service)	The purchase order system automatically stamps the General Manager's signature on all purchase orders. As a result, we were unable to verify the General Manager's actual approval of purchase orders. For this vendor, we reviewed a cancelled purchase order that had a computer generated approval signature on it even though the purchase order was not valid.

Recommendation: We have the following recommendations as a result of the procedures performed:

- We recommend the District clarify when a purchase order, contract, and/or competitive bidding is not required.
- We recommend the District monitor expenditures to ensure purchase order amounts are not exceeded.
- We recommend the District utilize a sole source form and retain rationale for sole source determinations with the purchasing documentation.
- We recommend the District retain evidence of Board approval with the contract or purchasing documentation.

5. We selected five invoices from each vendor and tested for the following attributes:
- i. Invoice was for goods or services provided during the period of performance noted in the contract
 - ii. Invoice was approved for payment by an individual who has the appropriate spending authority
 - iii. Invoice was approved by an individual knowledgeable of the goods or services provided
 - iv. If the individual who approved the invoice is still employed by the District, we will obtain written representations from the employee that the goods or services billed were provided or received
 - v. If the invoice is for a service, we obtained documentation for all statement of work task orders billed
 - vi. Invoiced amounts were consistent with the amounts and terms noted in the agreement

Results: We were unable to satisfy the attributes tested for the following transactions either because application of the policies was unclear, documentation of compliance was not provided, or noncompliance with the policies was noted.

Vendor Name	Issue Identified
Perlman Enterprises (shuttle service) PQ Corporation (supplies)	The goods/services were received prior to the date of the purchase order.
G3 Engineering (construction services) PQ Corporation (supplies)	We were unable to match up the purchase orders provided with the invoices reviewed, primarily due to the District's practice of not requiring purchase orders for invoices less than \$5,000.

Recommendation: We have the following recommendations as a result of the procedures performed:

- We noted a receptionist approved two of the invoices tested, one for over \$8,000. The policies should include invoice approval limits and purchase order approval limits based on employee positions.
- The District should consider indicating the purchase order number on each invoice to clarify which purchase orders are paying for which invoices.
- Purchase orders should be approved prior to purchasing goods or services.
- For a number of invoices tested, the individual who approved the invoice for payment asked us to speak to someone else to verify receipt of goods or services, which is an indication that they may not have been knowledgeable about the invoice they approved. The individuals knowledgeable of the transactions should be approving the invoices.

We were engaged by the Incline Village General Improvement District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirement related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of management and the Audit Committee of the Incline Village General Improvement District and should not be used by anyone other than those specified parties.



Irvine, California
November 4, 2022

Independent Auditor's Report:***Purchasing and Contracts - Review of Compliance with Policies, Practices and Procedures*****MANAGEMENT RESPONSES**

December 5, 2022

This document summarizes management's responses to the recommendations included in the Auditor's report following their review of compliance with policies, practices and procedures related to purchasing and contracts for the period from July 1, 2021 through April 30, 2022.

Procedure #1 – Auditor's Recommendation:

We recommend the District consolidate current policies and practices into a comprehensive document that also incorporates NRS guidelines. The policy should clarify when bidding is required and include specific guidelines for service contracts.

Management's Response:

In September 2022 (following the end of the fiscal year covered in the Auditor's review of purchasing and contracts), the Board of Trustees approved two new purchasing policies that effectively incorporate applicable provisions of the NRS into a set of District-wide set of procurement policies, as follows:

Policy 20.1.0 – Purchasing Policy for Goods and Services

Policy 21.1.0 – Purchasing Policy for Public Works Contracts

These two new Board policies were developed with the assistance of an outside consultant, Management Partners Inc. whose expressed goal was to develop comprehensive procurement policies incorporating best practices as well as NRS requirements related to local government procurement.

Policy 20.1.0, Section 2.2, specifically addresses when bidding is required, including specific guidelines for service contracts.

Likewise, Policy 21.1.0, Section 1.6.1, specifically addresses when bidding is required for Public Works contracts.

Reference link to Policy 20.1.0:

https://www.yourtahoeplace.com/uploads/pdf-ivgid/20_1_0_Purchasing_Policy_for_Goods_and_Services_Eff_08-01-2022.pdf

Reference link to Policy 21.1.0:

https://www.yourtahoeplace.com/uploads/pdf-ivgid/21_1_0_Purchasing_Policy_for_Public_Works_Contracts_Eff_08-01-2022.pdf

Independent Auditor's Report:

Purchasing and Contracts - Review of Compliance with Policies, Practices and Procedures

MANAGEMENT RESPONSES

December 5, 2022

Procedures #2-#4 – Auditor's Recommendation:

We have the following recommendations as a result of the procedures performed:

- We recommend the District clarify when a purchase order, contract, and/or competitive bidding is not required.

Management's Response:

Purchase Orders / Contracts – With the adoption of discreet Board-approved Purchasing Policies, as well as the District's transition to a new (Tyler/Munis) Financial System as of July 1, 2022, applicable procedures have been update to clarify when purchase orders are required.

Historically, purchase orders were generally required for individual transactions exceeding a \$5,000 threshold. As such, multiple transactions with a single vendor could be processed without a purchase order, regardless of the combined transaction amounts for a given vendor.

With the adoption of new Purchasing Policies, and transition to the Tyler/Munis financial system, procurement processes and procedures have been updated to now clarify that purchase orders are required for transactions where the CUMULATIVE amount of transaction activity for a given vendor exceeds the \$5,000 threshold. As a result PO's are required, regardless of the individual transaction amount, if the good or service being procured is expected to exceed \$5,000, in aggregate, for the fiscal year.

It should be noted that there may still be individual transactions with a vendor that falls under the \$5,000 threshold and, as such does not require a purchase order, provided that the transaction relates to procurement of goods or services not related to items covered in (or requiring) a purchase order.

Competitive Bidding – Historically, the District purchasing practices conformed to applicable provisions of the Nevada Revised Statutes (NRS) related to local government procurement. The NRS includes specific provisions covering transactions that are specifically exempted from the requirements for competitive solicitation. (The NRS exemption includes several categories of procurement, including professional services).

With the adoption of new Board-approved Purchasing Policies covering procurement activity across the District, formal language has been included to clarify when competitive bidding is required for procurement of goods and services (see Policy 20.1.0, Sections 2.2). In addition, Policy 20.1.0, Section 3.0 covers Exceptions to Competitive Solicitation.

It should be noted that Policy 20.1.0, Section 3.2 states that there shall be a presumption of competitive solicitation, unless an exemption has been pre-approved by the District's authorized representative.

Independent Auditor's Report:

Purchasing and Contracts - Review of Compliance with Policies, Practices and Procedures

MANAGEMENT RESPONSES

December 5, 2022

- We recommend the District monitor expenditures to ensure purchase order amounts are not exceeded.

Management's Response:

With the implementation of the new Tyler/Munis software, this check will be automated. At no time will the software allow an invoice to be processed against a PO if the amount exceeds the approved PO amount. We have also updated our internal policies to ensure all invoices are compared to POs to ensure they are charged against the appropriate PO.

- We recommend the District utilize a sole source form and retain rationale for sole source determinations with the purchasing documentation.

Management's Response:

Management concurs with this recommendation. As a result a Sole Source Justification Form is in process of being developed to document the stated rationale for exempting a procurement from competitive solicitation, ensuring that such an exemption is permitted pursuant to Board policy and NRS requirements, and providing for appropriate documentation and approval for such requests.

- We recommend the District retain evidence of Board approval with the contract or purchasing documentation.

Management's Response:

Management concurs with this recommendation. Historically, when initiating purchasing process within the District's legacy financial system, reference is often made to the Board meeting date (and agenda item) where the Board took action approving the contract or purchase.

The District's new financial system (Tyler/Munis) includes a Contract Management Module where all contracts and related documentation will be accessible. Included in this module are specific data fields for documenting Board approval. Moreover, management is giving consideration to transitioning to an approval process whereby all District contracts and purchases requiring Board approval are done so via adoption of a Board Resolution. This would formalize the documentation of Board actions related to contracts and purchases.

Independent Auditor's Report:

Purchasing and Contracts - Review of Compliance with Policies, Practices and Procedures

MANAGEMENT RESPONSES

December 5, 2022

Procedure #5 – Auditor's Recommendation:

We have the following recommendations as a result of the procedures performed:

- We noted a receptionist approved two of the invoices tested, one for over \$8,000. The policies should include invoice approval limits and purchase order approval limits based on employee positions.

Management's Response:

Purchasing limits have been implemented into the new Tyler/Munis software system, and a workflow will direct the invoice to the correct level of authorization for the invoice amount. Staff without appropriate approval authority are no longer able to "approve" invoices for payment.

- The District should consider indicating the purchase order number on each invoice to clarify which purchase orders are paying for which invoices.

Management's Response:

Management concurs with this recommendations. With the legacy system it was possible to begin the purchasing process before the PO was approved, and therefore some purchases did not have the PO number added to the invoice. With the new system, the PO is not generated until all required approvals have been processed, so the purchase cannot be made before the PO number is available. Purchasing procedures are being updated to require that PO numbers are provided to vendors and referenced on all invoices related to that purchase order.

- Purchase orders should be approved prior to purchasing goods or services.

Management's Response:

Management concurs with this recommendation. Under our new Tyler/Munis financial system the purchasing process begins with a request for a purchase "requisition" which is then processed through established approval workflow, depending on the dollar amount of the transaction. Once the requisition is approved consistent with this process a Purchase Order is issued and can be transmitted to the vendor, effectively placing the order or formalizing the purchase contract.

From time to time, issues arose with our legacy financial system whereby the purchasing process commenced by a staff member initiating a Purchase Order, which required appropriate routing and approvals. However, the former financial system allowed for the generating of a Purchase Order number and Purchase Order document PRIOR to final approval. This process resulted, at times, in a Purchase Order being issued to a vendor prior to final approval of the purchase order.

Independent Auditor's Report:

Purchasing and Contracts - Review of Compliance with Policies, Practices and Procedures

MANAGEMENT RESPONSES

December 5, 2022

- For a number of invoices tested, the individual who approved the invoice for payment asked us to speak to someone else to verify receipt of goods or services, which is an indication that they may not have been knowledgeable about the invoice they approved. The individuals knowledgeable of the transactions should be approving the invoices.

Management's Response:

Management concurs with this recommendation. The District will be reinforcing procedures that require that invoices are approved by individuals knowledgeable of the transaction, or who can otherwise confirm that the goods and services for which the District has been invoiced were, in fact, received, as billed.

ATTACHMENT 3

May 5, 2022

Incline Village General Improvement District
Attn: Audit Committee
893 Southwood Boulevard
Incline Village, NV 89451

We are pleased to confirm our understanding of the additional services we are to provide for the Incline Village General Improvement District ("District"). This letter will confirm the nature and limitations of the services we will provide and the various responsibilities and other terms of the engagement.

We agree to apply procedures to the District's vendor contracts for the fiscal year ended June 30, 2022. Management is responsible for complying with the District's Purchasing Procedures ("Policies").

The Audit Committee has agreed to and acknowledged that the procedures to be performed are appropriate to meet the intended purpose of the engagement to assist the District in evaluating compliance with the Purchasing Procedures for the fiscal year ended June 30, 2022. The procedures we will perform may not address all the items of interest to a user of our report and may not meet the needs of all users of our report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

These agreed-upon procedures are included on the attached schedule. These procedures will be applied for the purpose of reporting our findings in regard to the results of the procedures performed as compared to the Policies. The procedures we will perform are for the intended use of the following specified parties: the Board of Trustees, the Audit Committee, and Management of the Incline Village General Improvement District.

We will conduct our engagement in accordance with the attestation standards for agreed-upon procedures engagements established by the American Institute of Certified Public Accountants. The agreed-upon procedures are not designed to constitute an examination or a review of the subject matter. Therefore, we will not express an opinion or a conclusion on the subject matter. We have no obligation to perform any procedures beyond those agreed to as enumerated in this letter of engagement. However, the procedures may be expanded or modified by mutual agreement with the Audit Committee during the engagement. If additional time is necessary as a result of the modified procedures, we will discuss it with the Audit Committee and management and arrive at a new fee estimate as soon as reasonably practicable. If, for any reason, we are unable to complete the procedures, we will not issue a report as a result of this engagement.

At the conclusion of our engagement, we will request certain written representations from management about the subject matter information and related matters. We will issue a written report listing the agreed-upon procedures performed and our related findings. This report will be intended for use by and restricted to the use of the specified parties as identified above, and our report will contain such restricted use language.

We plan to begin our procedures in June 2022. Our fees will be billed at the hourly rates in our proposal for audit services dated December 14, 2020 which range from \$90-\$180 per hour based on the personnel used. We will also bill the District for any travel costs incurred, if

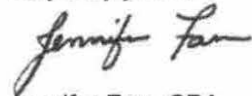
applicable. We estimate the fees for this engagement will range from \$6,000-\$10,000 based on the number of contracts tested.

Jennifer Farr is the engagement partner for the services specified in this letter. Her responsibilities include supervising Davis Farr LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the agreed-upon procedures report.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement including our respective responsibilities. If you have any questions, please let us know.

We appreciate the opportunity to be of service to you and look forward to working with you and your staff.

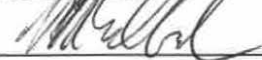
Very truly yours,



Jennifer Farr, CPA
Partner

RESPONSE:

This letter correctly sets forth the understanding of the Incline Village General Improvement District:

By:  _____

Title: AUDIT COMMITTEE CHAIR

Date: 3/23/22

Procedures to be Performed

1. We will obtain an understanding of the District's policies, practices and procedures related to Purchasing and Contracts during the fiscal year ended June 30, 2022 including *Board Policy 3.1.0*, *Board Practice 13.2.0*, and *Policies and Procedures Manual for Accounting & Financial Control*. We will summarize the purchasing policies, practices and procedures in our report.
2. We will obtain general ledger detail of all costs incurred from July 1, 2021 through April 30, 2022. We will summarize transactions by vendor. We will provide statistical information about the population of vendor transactions in our report. We will exclude vendors paid less than \$5,000 from our testing population. We will exclude vendors not subject to the District's purchasing policies (e.g., utility providers, employee benefit providers, insurance providers) from our testing population. We will list those vendors in our report.
3. We will select a sample of 25 vendors for additional testing. We will exclude vendors identified in procedure 2. We will select the top 5 vendors in terms of total amount paid during the period and 20 vendors selected randomly from the list of vendors paid during the year. We will obtain purchasing documentation, contracts, change orders, and a sample of payments for each of the 25 vendors selected.
4. We will test the 25 vendors for the following attributes:
 - a. Competitive bidding was obtained, as required by the policy
 - b. Contract was approved in accordance with the policy
 - c. The Board approved the contract in accordance with the policy
 - d. Total payments made under the contract did not exceed the contract amount (this attribute will include reviewing payments since the inception of the contract through April 30, 2022).
 - e. Change order, if applicable, was approved in accordance with the policy
 - f. Change order, if applicable, was approved prior to the date when the authorized contract amount including Board approved contingencies was exceeded
 - g. We will select five invoices from each vendor and test for the following attributes:
 - i. Invoice was for goods or services provided during the period of performance noted in the contract
 - ii. Invoice was approved for payment by an individual who has the appropriate spending authority
 - iii. Invoice was approved by an individual knowledgeable of the goods or services provided
 - iv. If the individual who approved the invoice is still employed by the District, we will obtain written representations from the employee that the goods or services billed were provided or received
 - v. If the invoice is for a service, we obtained documentation for all statement of work task orders billed
 - vi. Invoiced amounts were consistent with the amounts and terms noted in the agreement
5. We will request written representations from the District's Management stating that the accounting records we examined are accurate.
6. We will prepare a report for the District that summarizes the procedures and results of the procedures. We will include any recommendations for improvements to the District's policies or practices.

7. We will meet with Management and the Audit Committee to report on the results of our procedures prior to finalization of our report.

MINUTES

AUDIT COMMITTEE MEETING OF SEPTEMBER 28, 2022 Incline Village General Improvement District

The Audit Committee meeting of the Incline Village General Improvement District was called to order by Audit Committee Chair Ray Tulloch on Wednesday, September 28, 2022 at 2:02 p.m. via Zoom.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*

On roll call, present were Raymond Tulloch (Committee Chairman), Mick Homan (Member-At-Large), Kendra Wong (Trustee), and Michaela Tonking (Trustee). Vito Brandle (Member-At-Large) joined the meeting at 2:04 p.m.

B. PUBLIC COMMENTS

Cliff Dobler commented that he wanted to bring to the new Audit Committee the written communication that was item 6 under general business. He stated there were 3 pieces of communications in there all having to do with costs being recorded in the construction and progress account and then being distributed out as either an operating expense or a prior period adjustment or being capitalized as an asset. He mentioned that number 2 had a series of exhibits that were not in that communication. He stated he does not think the communication will mean a lot unless it includes the exhibits, which he sent over to Audit Committee Chairman Tulloch about 20-30 minutes ago. He stated as you look at the communications, he has probably done about 20 of them regarding the same subject matter and he will let Audit Committee Chairman Tulloch take it from here about the idea of bunching things into one account and then later making decisions on spreading it around to various accounts.

Audit Committee Chairman Tulloch asked that Staff forward the referenced email from Mr. Dobler to the Audit Committee Members.

C. APPROVAL OF AGENDA (for possible action)

Audit Committee Chairman Tulloch asked for changes. Trustee Wong requested that General Business Item D.7. be moved to the beginning of the agenda given that there are time constraints for some of the Audit Committee Members. She also requested that General Business Item D.5. be reviewed thereafter and that item General Business Item D.6. be removed as correspondence has been received. All Audit Committee Members were ok with the changes. The agenda was approved as revised.

D. GENERAL BUSINESS ITEMS (for possible action)

D.1. Election of Officer of the Audit Committee – Chair – to take effect immediately after this meeting is adjourned (was General Business Item D.7.)

Trustee Wong made a motion to nominate Trustee Tonking as Chair of the Audit Committee. Audit Committee Member-at-Large Vito Brandle seconded the motion. Audit Committee Chairman Tulloch called the question and the motion was passed unanimously.

There was a question as to who should chair the remainder of this meeting. Upon brief discussion and confirmation, it was determined that Audit Committee Chair Tulloch would chair the remainder of this meeting.

D.2. Review, discuss and possibly update the Audit Committee Long Range calendar (was General Business Item D.5.)

Audit Committee Chairman Tulloch asked if there were any changes to the long range calendar. Trustee Wong stated in looking at the parking lot items and the items slated for consideration, the items look like carry over items from the last Audit Committee. She suggested that the new Audit Committee establish new priorities going forward. She proposed that each Member identify their priorities going forward, send them to the District Clerk to be compiled and have her work with Trustee Tonking to identify the list of priorities for this Audit Committee going forward. All Audit Committee Members were ok with the suggestion.

D.3. Introductions – New Committee Membership (was General Business Item D.1.)

a. Introductions of Audit Committee Members and Staff

Individual introductions were made by each Audit Committee Member and Staff Members whom were present to include District General Manager Winquest, Director of Administrative Services Susan Herron, District Clerk Melissa Robertson, District Controller Martin Williams, District Communications Coordinator Kari Ferguson and General Counsel Melissa Crosthwaite.

b. Overview of Purpose and Scope of Audit Committee 15.1.0

Audit Committee Chairman Tulloch stated between the Board of Trustees and the past Audit Committee, there have been several reviews and modifications to Policy 15.1.0 over the past two years. He stated he thinks it is fairly well written. He referenced an accusation that has been leveled that the past Audit Committee overstepped its role so he thinks it is important to look at section 2 regarding the Committee's scope and responsibility. He stated that this is an Audit Committee, not a Finance Committee or Investment Committee and the role of the Audit Committee can be found in section 2. Trustee Wong mentioned that the Board will be looking at Policy 15.1.0 and potential revisions at the Board of Trustees meeting later in the day.

c. Discuss Audit Committee Annual Report (most recent)

The Audit Committee reviewed the submitted material, which included the update on what the Committee did over past year.

d. Discuss Audit Committee Report on June 30, 2021 Audit

The Audit Committee reviewed the submitted material, which included the Audit Committee Report on the June 30, 2021 audit. It was noted the report has been submitted to the Board of Trustees.

e. Provide Direction on Meeting Schedule

Audit Committee Chairman Tulloch mentioned that as per Policy 15.1.0, it is recommended that there should not be more than 2 meetings per quarter, with a minimum of 4 meetings per year.

D.4. Receive a Verbal Update from Davis Farr (Auditors) on Financial Audit of Fiscal Year Ending June 30, 2022, including the items below – Ms. Jennifer Farr (*was General Business Item D.2.*)

a. Schedule/Work Plan for Financial Audit of Fiscal Year Ending June 30, 2022

Ms. Farr provided an overview of the submitted material beginning with working schedule of the audit timeline. She noted they have completed planning audit procedures where they look at internal controls and are

planning for the final audit. She mentioned they look forward to starting the final audit on October 3, 2022. She noted they will start in their office remotely and then be onsite the week of October 10, 2022. She stated the audit takes several weeks of fieldwork, and then they will be reviewing reports and ultimately sharing draft reports with the Audit Committee while going over any audit findings as they progress.

b. Communication(s) from Auditor regarding the Financial Audit

Ms. Farr provided an overview of a communication from their firm to the Audit Committee informing the Committee about the scope and timing of the audit. This also includes information on what they consider the audit risk areas this year. She noted they will do additional testing on audit risk areas. There are audit risk areas that have been listed for consideration this year. One of the risk areas is related to the new lease accounting standard that is required to be implemented; anytime there is a new accounting standard, there is always an increased risk of error. She noted they will be working closely with the District Staff to ensure the accounting standard is correctly implemented and disclosed. The second risk area is related to capital assets. She stated capital assets has been a concern in the prior audit. They will be looking closely at capital assets to ensure the numbers are correct and that things are being capitalized in accordance with the District's policies. The last risk area is related to the change and the presentation of certain governmental funds that will now be presented as enterprise funds. She mentioned they will work close with the District Staff to ensure the accounting presentation issues are corrected in this year's annual report. She stated part of their requirement is to inquire with the Audit Committee about whether or not they are aware of fraud or if there are any suspicions of fraud. She noted that if so, this can be mentioned during this meeting, or she can be reached directly. She mentioned that if there are any concerns either now or throughout the year, to reach out to discuss so that any concerns can be addressed. Audit Committee Member-at-Large Mick Homan asked what is considered to be material? Ms. Farr responded that their firm uses materiality as a threshold of either the larger of total assets or total revenues in each opinion unit. She noted that each fund that is presented on the financial statement is its own opinion unit, so there will be different materiality for different funds that they are auditing. An audit of a government agency is like auditing multiple companies, so each company is looked at differently and with a different materiality threshold. She stated generally speaking, it is 1% of the total assets or the total revenues from the

prior year for each fund. Audit Committee Member-at-Large Vito Brandle asked if there is anything from previous years or other areas where the Audit Committee would want to spend more focus? Ms. Farr responded that all of the internal control recommendations that were communicated last year will be followed up on to determine if they are resolved. She stated there was some communications about purchasing policy, capital asset, etc. She stated they are required to follow up on outstanding items from the prior year. Trustee Tonking asked how the risk area, that is related to capital assets, will play in with the expanded scope that was approved for their work? Ms. Farr responded that the risk areas that were identified in the letter is completely independent of any agreed upon procedure work they are doing. Trustee Wong asked if there is anything that is up and coming from the Governmental Accounting Standards Board (GASB) that the Audit Committee should be aware of? Ms. Farr responded that GASB has been very busy and they are working on a number of new standards. As of now, they are referring to something as the “big 3” which will be an overhaul of government accounting from a financial reporting standpoint. It will affect the way the financial statements look, the disclosures and revenue/expense recognition. These changes will not be implemented for about 5 years. Audit Committee Chairman Tulloch asked how the updated capitalization and date would be handled in the audit? Ms. Farr responded that it was unclear as to what the effective date was on the new policy; it was decided that January 1, 2022 was going to be the effective date of the new policy. She explained that if they look at a transaction before that date, it will fall under the capitalization rules of the old policy, and anything after that date will be subject to the new policy. Audit Committee Chairman Tulloch asked if it would be based on the expenditure date or the project closing date? Ms. Farr stated it is either the date the transaction was initiated or the date it was paid but she cannot recall. District Controller Martin Williams mentioned it is based on the payment date. Audit Committee Chairman Tulloch asked if materiality is based on 1% or 1 million dollars? Ms. Farr stated it is 1% of the higher of total assets or the total revenues based on each individual fund. Audit Committee Chairman Tulloch asked if they have been receiving all of the materials required from Staff? Ms. Farr responded yes.

D.5. Receive Verbal Update from Davis Farr (Auditors) on the following Supplemental Engagements – Ms. Jennifer Farr (*was General Business Item D.3.*)

a. Purchasing/Contracts

Ms. Farr reported they started the purchasing and contract procedures in late summer; there is a lot of paper to follow around with looking at purchase orders, invoices and Board approvals. She noted that their procedures do include talking to the individuals that approved transactions to verify they did receive the goods and services. She stated they are near completion and they have a draft report that has been circulated to management; they are currently going through the recommendations on the report and verifying that their facts are straight. She anticipates the draft report will be circulated to the Audit Committee shortly. She stated that one recommendation will be pointing out some ambiguity in the current purchasing language. The second recommendation will be regarding processes and how to avoid any process issues.

b. Capitalization

Ms. Farr reported that the District's Finance Staff had to close the books for the end of the fiscal year prior to them getting started on the capitalization of assets. She stated they recently started this process; the District's Finance Staff has given them all of the information needed to complete this; there is no draft report just yet. Audit Committee Chairman Tulloch asked if some of their findings would be incorporated with the Tyler implementation and procurement manual? Ms. Farr responded yes.

D.6. Written communications from public (memorandums to the Audit Committee since its last meeting) *(see General Business Item C. above – removed as correspondence has been received.)*

D.7. Receive Verbal Updates from IVGID Staff on the following Items – Director of Finance Paul Navazio *(was General Business Item D.4.)*

a. Tyler Financial System Implementation Update

District Controller Martin Williams reported that the Tyler Financial System implementation is not going as smoothly as they had wanted it to. The issue they are running into is the electronic payment (ACH) file that needs to be uploaded to Wells Fargo. He stated they recently found out that the format they had been using is a historical format that is no longer used. He stated they need to switch over to the new format that Tyler supports. He noted that as soon as this is completed, the accounts payable will be fully implemented and up and running in Tyler. He explained that the next step will be to get

contract management and inventory management up and running, with the final step to have the budget process in Tyler so they are ready for the next fiscal year. He noted that once the accounts payable is up and running, they have training scheduled in early November with Tyler to go over the contract management and inventory management processes. The final step with the budget process implementation into Tyler will likely begin in early December or January. Audit Committee Member-at-Large Brandle asked if the CSV upload into Wells Fargo is for invoicing through Wells Fargo? District Controller Martin Williams responded that it is not for invoicing but to pay invoices (i.e. electronic payments to vendors). Audit Committee Member-at-Large Vito Brandle asked if everything has to be done via CSV, or if there is any direct connection between Wells Fargo and Tyler? District Controller Martin Williams stated he does not recall the answer to that question but he does know that any direct connection between Wells Fargo and Tyler requires additional services at an additional charge. Audit Committee Member-at-Large Brandle mentioned that as things potentially change with Wells Fargo moving forward, the District might be at the mercy of others in line when it comes to uploading the CSV, so it may be worth the additional cost.

b. Finance/Accounting Manual Update

District Controller Martin Williams reported this item has been placed on hold due to the Tyler implementation, audits and year-end. District Staff will be getting back to this soon. The manual is 90-95% complete that this time. He mentioned they will be working on filling in missing data that the consultant needs to finalize the manual. Once the Tyler implementation or audit is complete, there will be more time to complete the manual; he does not expect the process to take more than 2 weeks to complete.

c. Purchasing Policies (20.1.0 and 21.1.0)/Purchasing Procedures

District Controller Martin Williams reported the purchasing policies were approved by the Board of Trustees. The Staff is being trained to ensure that everyone is following the new policies. He noted that many of the auditor's recommendations regarding purchasing are addressed in the new policy. He stated some of the issues that were found by the auditor are already being addressed with Tyler. Audit Committee Chairman Tulloch inquired about how Staff is doing with Tyler and how the training is going? District Controller Martin Williams stated the Staff is adapting to it very well and he

is impressed with how quickly Staff had adjusted to the new processes. He mentioned training has been completed on the requisition requests, which become purchase orders, as well as training on journal entries. He also mentioned that project management has been turned on and is being used. He stated that once Tyler is up and running, it will be a big step forward from enterprise; there are many features that it has that they have always wished enterprise had. Audit Committee Member-at-Large Homan mentioned that it would be nice to see what has been done to put all of the historical issues to rest and what has been done to improve the processes in efforts to move forward instead of going back in the past. District Controller Martin Williams agreed and mentioned with the new Tyler implementation, many of the internal controls will be changing and they do not want to make any assumptions about how well Tyler will handle those. He stated they will be adding these type of issues to the manual and internal controls and will be happy to bring updates to the Audit Committee. Audit Committee Member-at-Large Brandle asked if there are any ripple effects seen on personnel in terms of possibly needing more personnel to effectively run Tyler? District Controller Martin Williams stated Tyler should allow them to spread out the work more so that more personnel is not needed. He stated that with Innoprise, all purchase orders went through the finance office to be entered, approved, etc. He is hopeful that Tyler will reduce the workload. Audit Committee Chairman Tulloch thanked Staff for their work on the implementation.

E. MEETING MINUTES (for possible action)

E.1. Meeting Minutes of June 16, 2022

Audit Committee Chairman Tulloch asked for changes and he stated he reached out to the prior Audit Committee Members for their feedback on the minutes. He noted that on page 8 of the minutes, the last paragraph, line 4, says "investment committee" and it should be "audit committee". He noted that on page 12, under item D6, there is mention that there were changes to the prior minutes but no mention of what the changes exactly were.

Hearing no further changes, the meeting minutes were approved as revised.

F. PUBLIC COMMENTS*

There were no public comments made during this public comment period.

G. ADJOURNMENT (*for possible action*)

The meeting was adjourned at 2:56 p.m.

Respectfully submitted,

Melissa N. Robertson
District Clerk